



• AN INFORMED BUYER IS A BETTER BUYER

The National Insurance Buyer

CORPORATE INSURANCE MANAGEMENT



THE GOLDEN TRIANGLE — Pittsburgh, Pennsylvania

Photo Courtesy of Chamber of Commerce of Pittsburgh

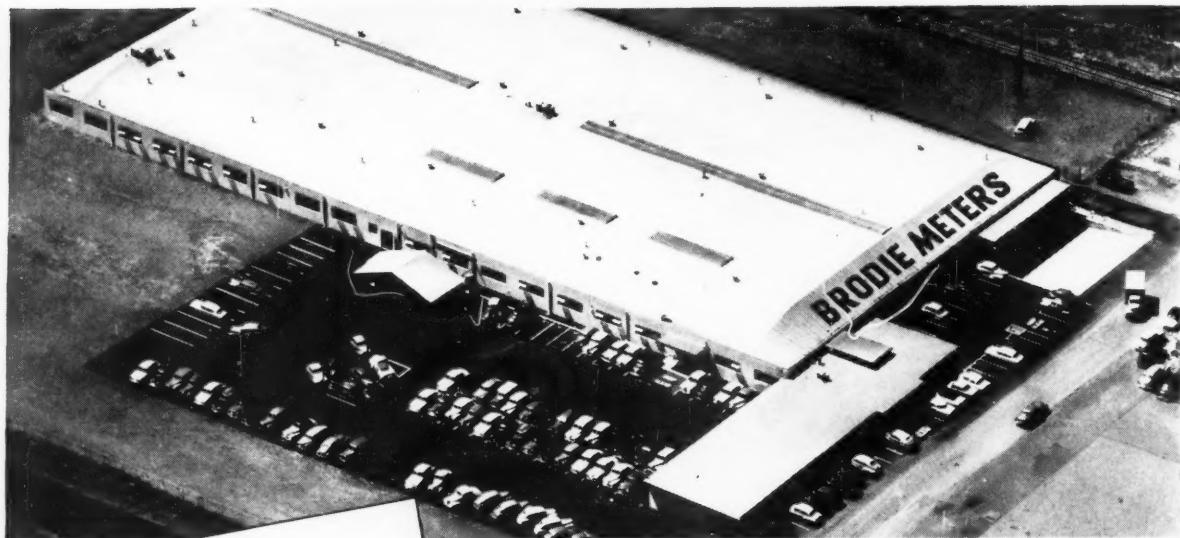
AMERICAN SOCIETY OF INSURANCE MANAGEMENT

Volume 5

JULY 1958

Number 4

Gets Better FIRE and BURGLARY Protection and SAVES \$5,000 a year



Having located our plant on a large open site to permit continued expansion, we have an unusual degree of isolation. This multiplies the importance of ADT Automatic Protection Services in safeguarding our highly specialized machine tools, precision testing equipment, and costly inventories. While largely eliminating human error from our protection problem, ADT saves us approximately \$5,000 per year.

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Manager of Production,
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Ralph N. Brodie Company is a pioneer developer of liquid meters and measuring instruments used by the petroleum industry. Consistent growth since 1927 led to the erection in 1952 of the company's large and thoroughly modern plant at San Leandro, California.

A combination of ADT Automatic Protection Services stands guard over the entire premises to detect and report fire, burglary and other dangerous conditions. Central Station Sprinkler Supervisory and Waterflow Alarm Service safeguards the sprinkler system against human failures and summons the fire department automatically when water flows. ADT Burglar Alarm Service guards doors, windows and vault against unauthorized entry and automatically notifies protective forces in case of attack.

Like the Ralph N. Brodie Company, thousands of business concerns from coast to coast use and endorse ADT Automatic Protection because they know that it gives greater security for property, profits and employees' jobs than can be obtained otherwise, and at less expense.

May we show you what ADT can do for you?

Whether your premises are old or new, sprinklered or unsprinklered, an ADT specialist will show you how an appropriate combination of ADT Automatic Protection Services can guard your property, effectively and economically. Call our local sales office if we are listed in your phone book; or write to our Executive Office.

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Linda Burke, Editor

Eight West Fortieth Street, New York 18, N. Y.

We Honor . . .

The Insurance Buyers Association of Pittsburgh, the 18th chapter of the American Society of Insurance Management, Inc.

Its company members are known all over the world . . . and their corporate insurance representatives have distinguished themselves wherever the field of corporate insurance management is recognized.

The American Society of Insurance Management, Inc. is proud to honor The Insurance Buyers Association of Pittsburgh and to welcome them into membership. We are aware of the knowledge, experience and ability of its members and their continuous contribution to the aims and purposes of ASIM.

About the cover . . .

The Golden Triangle — Pittsburgh, Pennsylvania — the heart of The Renaissance City of America.

(Please see pages 24 and 25)

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Insurance Buyers Association Of Pittsburgh, ASIM

The Insurance Buyers Association of Pittsburgh, 18th Chapter of the American Society of Insurance Management Inc., had its beginning twenty years ago in 1938. C. J. (Connie) Leister, then insurance manager of the Fidelity Trust Company, fostered the idea of meeting with other Insurance Managers about every week or two. The original group was small and included H. H. Hook, Koppers Company Inc., C. L. Lycette, Aluminum Company of America and a few insurance company representatives.

At first the group met for lunch around a table in one of Pittsburgh's restaurants. In April 1939 an invitation was extended to insurance buyers for the weekly Monday luncheons in the Y.M.C.A. In August 1939, after an increased membership, the meetings were moved to Hotel Henry. Then in May 1940, the luncheon meetings were moved to the Hotel Pittsburgher where they have been held ever since, except for the time 1941 to 1944 when regular sessions were suspended. However, some of the original group continued to lunch together occasionally during these War years and in September of 1944 a self appointed committee under the leadership of Connie Leister sent out notices to Insurance Buyers that regular luncheon meetings would be resumed.

It was then decided that the Insurance Buyers of Pittsburgh should be formally organized. The following were the first Directors elected by the membership:

T. C. Carson — Philadelphia Company
R. L. Gaertner — Pittsburgh Coke & Chemical Co.
H. H. Hook — Koppers Company
H. L. Hubbell — Westinghouse Electric Corporation
G. P. Kohl — Peoples Pittsburgh Trust Company
C. J. Leister — Fidelity Trust Company
W. F. Lund — Gulf Oil Corporation
C. L. Lycette — Aluminum Company of America
The Board of Directors in turn appointed the following as the first officers:

President — C. J. Leister — Fidelity Trust Co.
Vice President — M. G. Miller
—West Penn Power Co.
Vice President — A. P. Everstine
— Schaefer Equipment Co.
Secretary — R. L. Gaertner
— Pittsburgh Coke & Chemical Co.
Treasurer — T. C. Carson — Philadelphia Company



Officers of Insurance Buyers Association of Pittsburgh, ASIM. Left to right: Thomas Noel, Secretary; John R. Kountz, Vice President; Ralph W. Low, President; and Gerald O. Griffin, Vice President.

During the earlier years, the name Insurance Buyers Seminar was used to identify the group, but was later changed to Insurance Buyers Association of Pittsburgh.

At a meeting of the IBAP on March 4, 1958, the membership voted to become a chapter of the American Society of Insurance Management. At ceremonies officially marking the affiliation of the chapter on April 1st, 1958, Ralph Low, insurance manager for Westinghouse Electric Corporation and Regional Vice President of ASIM presented to J. A. Edwards, insurance manager of Gulf Oil Corporation and president of the IBAP, a gavel in behalf of the officers and members of ASIM of whom the following were present:

B. E. Kelley — Chairman of Executive Committee of ASIM, New York
Peter A. Burke — Managing Director of ASIM, New York
T. V. Murphy — Regional Vice President of ASIM, Baltimore, Md.

(More on page 4)

Pittsburgh

(From page 3)

The ceremonies marked another milestone in the history of the Association of the Insurance Buyers of Pittsburgh. Prior to its becoming a Chapter of ASIM, the IBAP had 46 member companies, 17 of which were also members of ASIM. Currently the company memberships total 50.

The Pittsburgh Chapter is unique in that it has consistently and successfully maintained a schedule of two meetings a month (Tuesday noon) during the period which extends from September to June. Programs are mostly planned around outside speakers representing various phases of insurance. At least two panel meetings are included in the program and are usually scheduled for the evenings.

The following were duly appointed by the Board of Directors at a meeting June 5, 1958 to be the officers of Insurance Buyers Association of Pittsburgh in the first year as a chapter of the ASIM.

President — Ralph W. Low

— Westinghouse Electric Corporation

1st V. P. — John R. Kountz — The Rust Engineering Co.

2nd V. P. — Gerald O. Griffin — Dravo Corporation
Treasurer — L. F. Kane — Equitable Gas Company
Secretary — T. G. Noel — The Rust Engineering Co.
Asst. Secy. — R. J. Morton — Blaw Knox Company

These men succeed the following officers:

President — J. A. Edwards — Gulf Oil Corporation
1st V. P. — R. W. Low — Westinghouse Electric

Corporation

2nd V. P. — J. D. Hanley — Consolidation Coal Company

Treasurer — L. F. Kane

Secretary — C. F. King — Blaw Knox Company

Asst. Secy. — Margaret Reed

— Pittsburgh Plate Glass Co.

Directors for 1958-1959:

A. V. Eannarino — Pittsburgh Steel Company

G. L. Griffin — Dravo Corporation

H. Henderson — Mellon National Bank & Trust Co.

F. A. Hunter — Eastern Gas & Fuel Associates

J. R. Kountz — The Rust Engineering Company

R. W. Low — Westinghouse Electric Corporation

Margaret Reed — Pittsburgh Plate Glass Company

E. A. Rengers — Blaw Knox Company

B. W. Shinabarger — G. C. Murphy Company

ROSTER OF PRESIDENTS

1939-44 Self Appointed Committee

1944-46 C. J. Leister (Connie) Fidelity Trust Co.

1946-49 W. F. Lund (Deceased) Gulf Oil Corporation

1949-52 H. H. Hook — Koppers Company

1952-53 F. M. Brethole — H. J. Heinz Company

1953-54 F. W. Poe — Mellon National Bank & Trust Co.

1954-56 W. S. McKay — United Engineering & Foundry Company

1956-58 J. A. Edwards — Gulf Oil Corporation

1958-59 R. W. Low — Westinghouse Electric Corporation

ASIM Welcomes New Members

Atlanta

Mead-Atlanta Paper Co.

New York

The F & M Schaefer Brewing Company

Oregon

Robert Brothers

Pittsburgh

Allegheny Ludlum Steel Corporation
Duquesne Light Company
Edgewater Steel Company
Eichleay Corporation
Equitable Gas Company

Fidelity Trust Company

Gulf Oil Corporation

Harbison-Walker Refractories Company

Mellon National Bank & Trust Company

Nateo Corporation

Pittsburgh Forgings Co.

Pittsburgh Steel Co.

Schaefer Equipment Co.

Shenango Furnace Co.

United Engineering & Foundry Company

Watson-Standard Company

Pittsburgh Screw & Bolt Corporation

H. H. Robertson Company

Rockwell-Standard Corp.

Southern California

Sun Lumber Company
Union Bank

Alabama

Morrison Cafeterias Consolidated Inc.

Massachusetts

Boston Housing Authority

France

Esso Standard S.A.F.

the
advantages
of
being

Octohocular

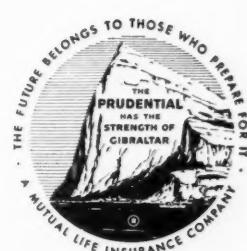
No doubt about it, *having eight eyes* really has its advantages. Keeping an eye on the ever-changing needs of modern business concerns is never an easy job. And trying to do this from one home office is even more difficult.

Prudential has found that, by adding more "eyes" in the form of new home offices throughout the United States and Canada, it gains a far greater understanding of the needs and problems of business concerns all over. Because of this closer association, it is able to design and administer Group Insurance and Group Pension Plans specifically tailored to meet these needs and solve these problems.

Prudential recently arranged for its eighth "eye"—this one in Boston—to serve business concerns in the northeastern part of the country.

This modern concept of decentralization is just another plus Prudential offers to those who need security and to those who help provide it.

For more information about Prudential Group Insurance and Group Pension Plans, call your Prudential Agent or Broker, or the Prudential Home Office or Group Office nearest you.



The Prudential
INSURANCE COMPANY OF AMERICA

"THE POLICY HOLDER APPRAISES STATE REGULATIONS"

An Address

by

JOSEPH T. PARRETT
President

AMERICAN SOCIETY OF INSURANCE MANAGEMENT, INC.

before the Annual Meeting
of the

National Association of Insurance Commissioners

Conrad Hilton Hotel
Chicago, Illinois

JUNE 10th, 1958



Joseph T. Parrett

I believe this is the first time a representative of the "forgotten man", the policyholder, has had an opportunity to appear before this august body, and I hope when I am through that you will not have conclude it was a mistake.

I am here in my official capacity as president of the American Society of Insurance Management. So please don't stop buying Carnation Company products just because you don't like me. My contemporaries pushed me into this bull ring. Also, be tolerant in your appraisal of Corporate Insurance Managers. We are not let out of our cages too often and therefore sometimes don't know how to act in the presence of big time company.

Let me tell you a little about the organization I represent. Our society is only a little over 6 years old. Membership is limited to those engaged in Risk Management of private companies, either on a full or part time basis. No one affiliated

with an insurance company, or engaged in selling or claim adjustment work can belong.

This, then, is truly a policyholder's organization.

At the present time, we have approximately 1,000 members, with 18 Chapters in principal cities throughout the United States and Canada. Our membership is growing and several new Chapters are in the process of formation. This, in spite of the fact that we have made no concerted membership drives, since we wish to preserve the professional concept of our Society.

What are our aims and mission? I think this can best be explained by quoting from our By-Laws:

1. To aid in maintaining a reasonably competitive insurance market under a free, private-enterprise system in the interest of all buyers of insurance, which is the public interest, and to that end foster a minimum of control with due regard to the financial stability of underwriters and the financial integrity of the insurance contract.
2. To make known the needs and the viewpoint of the buyers of insurance to all who have an interest in the insurance business.
3. To cooperate with producers, underwriters and others to secure
 - (a) Simpler and more adequate policy forms.

- (b) Insurance protection for all insurable risks.
- (c) Adjustment of inequities in rates.
- (d) Adequate recognition of all factors which enter into rating of risks.

5. To foster

- (a) A close relation among buyers of insurance.
- (b) A better understanding of the nature and functions of insurance and of loss adjustments.
- (c) A knowledge of loss potentials and a recognition of the fact that reimbursement of loss through insurance does not offset any loss suffered by the general economy.

Now I think you will agree that to a group of Insurance Commissioners, and Company people, this is tantamount to the old political phrase: "I believe in God and love my mother." Also, I may not be very bright but I'm not stupid. If I want to continue to be charmed by my own voice, I must say some things you like to hear.

We also want to emphatically point out that we are well aware of the dangers involved if our organization gets labelled as wild eyed crusaders, who are out to revolutionize the business, and tell the Commissioners and Companies how to run their business. We want to merit recognition as a sane and responsible group working for a

(More on page 28)

The invisible sword should be hung on a *Chain!*

Danger of accidents to power equipment is like an invisible sword. It hangs overhead, ready to fall . . . Because of this, sound management does its best to forge a chain of safeguards: men and instruments on the alert at all times to detect signs of danger.

But experience proves that something *more* is needed. Even the ablest men can become so accustomed to the sight and sound, the feel and smell of power in motion that slowly occurring changes — often signals of trouble — can escape them. They welcome the expert assistance of a Hartford Steam Boiler Field Inspector, a specialist in detecting and interpreting signs of danger. That is why so many of America's largest industries insure their power equipment with Hartford Steam Boiler.

These companies value the *added* protection of H.S.B.'s nation-wide field inspection service. Working out of 19 Regional Offices, this force of 600 men spends full time inspecting power equipment insured by this Company. They crawl inside tanks and boilers, climb around machines, study instruments and gauges, check the log . . . Their expert knowledge and long experience with power equipment is backed by the specialized *engineering* facilities of this Company — a powerful force with one primary objective: *keeping power alive.*

Your H.S.B. Engineering Insurance can be tailored to meet your needs.



THE HARTFORD STEAM BOILER • INSPECTION and INSURANCE COMPANY



Hartford 2, Connecticut

Remember, INSPECTION is our middle name



When you insure your boilers and machinery with Hartford Steam Boiler, you enjoy Engineering Insurance at its best. *Engineering* Before the policy is issued, to assist in tailoring insurance to your needs; *engineering* inspections During the life of the policy, to search out signs of danger and suggest remedial action; *engineering* assistance After an accident (if one should occur) to speed just settlement and assist in rehabilitation.

Your own Agent or Broker can help you keep power alive, with Hartford Steam Boiler Engineering Insurance — protection B. D. A.



H.S.B. Field Inspection services guard against accident to keep power alive.

keep power alive

Loss Adjustment Under Business Interruption Insurance For A Steel Company

By

**Robert E. Lauterbach, Secretary
PITTSBURGH STEEL COMPANY**



Robert E. Lauterbach

Why Business Interruption Insurance?

Pittsburgh Steel Compay first purchased business interruption insurance in 1940, a year in which the steel industry approached capacity operations for the first time in over a decade. In the 1930's, the steel industry had been characterized by low operating rates, severe price competition, and low profits. However, when the volume of business and profits began to increase in 1940, it became apparent that we had an insurable value to protect.

The risk of losing profits from a shutdown of operations was, in our opinion, as great-or-perhaps greater-than the risk of incurring damage to any of our physical properties. It was determined that the company could not self-insure or assume this risk, since the estimated maximum loss of profits that could be incurred was in excess of the company's financial ability to absorb. Therefore, our management decided that the risk should be insured.

Even without a catastrophic property damage loss, we realized it was possible to incur a lengthy shutdown in operations, materially reducing volume and profits. In that event, a loss in a substantial six-figure amount would have had a tremendous effect percentagewise on our average annual net income at that

time. Furthermore, an uninsured loss that would effect net profits to such an extent would have to be reported separately in an earnings statement submitted to shareholders and the public; and, if adequate reserves had not been provided, the management would have been open to serious criticism.

Principal Risks

Our basic risk is the dependence upon one basic steel plant to supply virtually all the raw material required to operate all plants producing finished products.

Steel manufacturing consists of many large, separate, and continuous operations, each of which is vital and necessary to complete the manufacture of finished steel products. There are five major producing divisions in an integrated steel plant such as ours: (1) the manufacture of coke and by-products, (2) the manufacture of pig iron in blast furnaces, (3) the manufacture of steel in open hearth furnaces, (4) hot rolling of semi-finished steel products for further processing, and (5) finishing plants.

The Pittsburgh Steel Company has only one basic steel plant, in which it produces all its steel for conversion into finished products. In this plant, we have one coke plant, one open hearth department, and one primary rolling mill — all of which must operate continuously to assure that our finishing departments will have sufficient raw materials. The productive capacities of the major producing divisions are in approximate balance; that is, we have no excess capacities that could be used to regain any production lost in a shutdown. We do not have the flexibility of a larger company having several plant locations and more than one basic steel operation, any of which could supply the raw material for its finishing plants.

The economics are also in favor of a larger company, since a business interruption loss would not be as great in relation to the total operations and earnings ability of the company. A prolonged interruption in the production of steel in our basic steel plant,

(More on page 36)

Another insurance "extra" from friendly **American Mutual** men . . .



casualty Insurance	
compensation	\$ 18,587.00
	17,037.85
	1,536.84
Health	1,383.16
	721.00
ability	612.85
	1,329.53
crime	1,045.85
	765.60
	1,287.50
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This friendly **AM** man can slash the cost of your casualty insurance!

Like hundreds of **AM** policyholders, you can reduce overhead and headaches by putting all your casualty insurance problems in the hands of your friendly **AM** man.

Through prompt and regular attention to your insurance needs, he can make sure you have just the right amount of coverage for each exposure to loss without loopholes or overlapping. And working with him to give you a complete package of modern insurance services are other **AM** specialists such as:

Production-minded Safety Engineers who help you prevent costly accidents; Claims men who quickly and fairly settle claims; Industrial Medicine experts who make sure the injured get the best care to speed their return to work.

These and all other **AM** specialists are as near as your phone—ready to give you better insurance protection at the lowest possible cost.*

Why not call your friendly **AM** man now! Or write American Mutual, Dept. NB-4, 142 Berkeley Street, Boston 16, Mass.

*Hamilton Paper Co., another **AM** policyholder, saved \$106,492 on lower insurance costs in 11 years through good safety experience . . . gained another \$31,113 through **AM** mutual dividends.

American Mutual

LIABILITY INSURANCE COMPANY



Your friendly **AM** man can advise
you on all your liability insurance needs

Leading writers of Workmen's Compensation, all forms of Liability, Crime, Accident and Health Insurance

Impact Of Taxes On Insurance



By

Warren S. McKay

Assistant Treasurer

UNITED ENGINEERING & FOUNDRY COMPANY

The impact of taxes on everyone, in what ever activity they may be engaged, is so great that it is sometimes difficult to see the effect of taxes on a particular group or segment of our economy. You all know the old saying, "Nothing is certain, but death and taxes." The only thing that is wrong with this saying is that it implies that taxes are something which can be reduced to the same exactness and finality as the conclusion of our life on this earth. Your program chairman has asked me to make a few remarks on the impact of taxes on Insurance, and because of the inexactness of taxes and the many exceptions which can be made to all of the general rules, I must ask you to bear with me if I am somewhat in general in my remarks. I would like to further define the ground rules by saying that my remarks with few exceptions will not refer to personal life insurance and the many tax consequences which accompany this field.

The insurance buyer finds himself in a peculiar position as regards taxes and his dealings with insurance carriers. In a sense, it is the

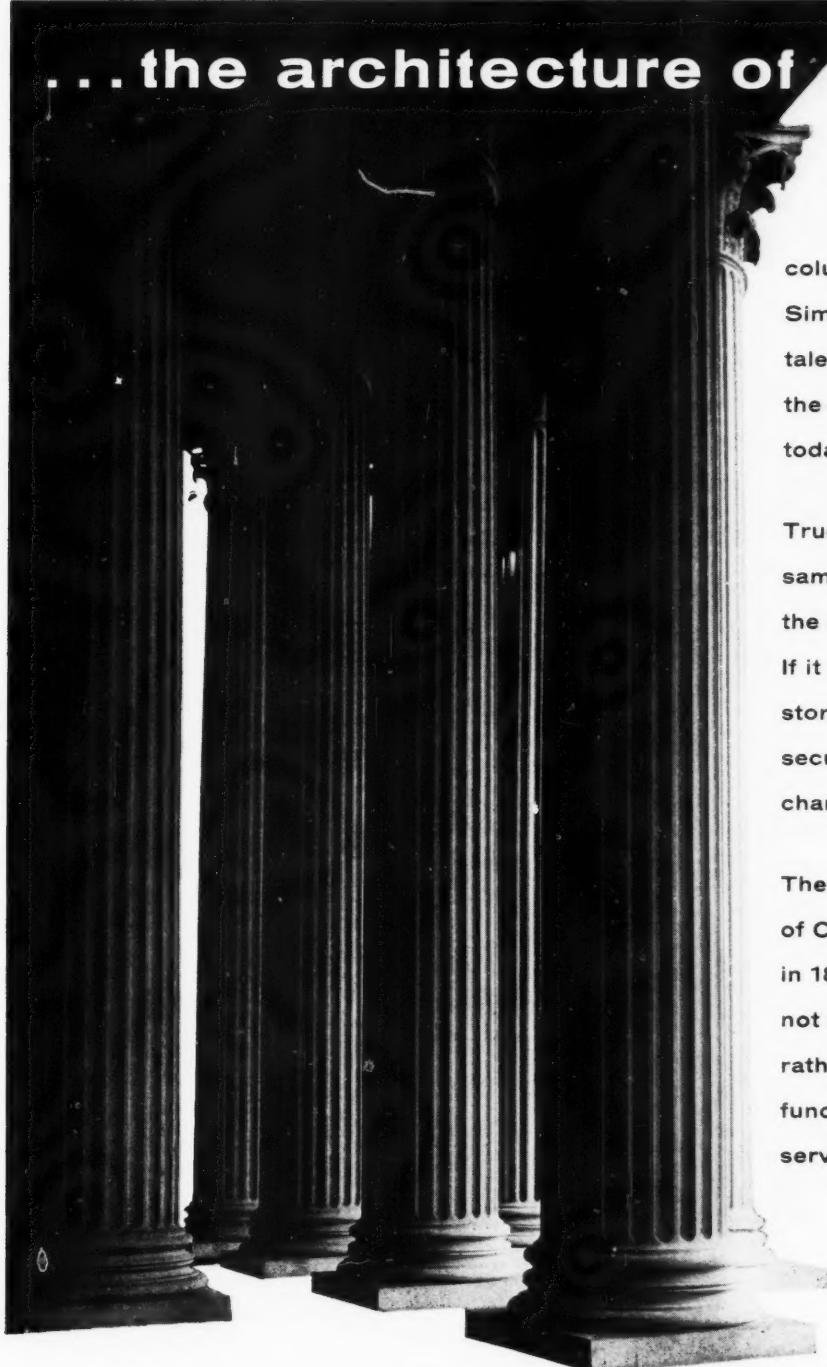
ideal situation for with some exceptions all of the premiums which he pays to insurance carriers are deductible for tax purposes and the income or claims which he receives from insurance companies are not subject to income tax. I will discuss the exceptions later, but first let us examine the general provisions of the Internal Revenue Code as they apply to insurance.

The deductibility of premiums paid is established in Section 162 of the 1954 Internal Revenue Code which provides ("a) In general — There shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business." Regulations applying to this section have not been finalized, but in the proposed regulations at Section 1.162-1 covering business expenses, there is listed among other things, "insurance premiums against fire, storm, theft, accident or other similar losses in the case of a business."

Of course, within the frame work of the code and regulations, there are several conditions which must

(More on page 38)

...the architecture of service



It takes more than one column to support a roof.

Similarly, one virtue or one talent is not adequate to serve the diverse requirements of today's economy.

True service is premised on the same basic rules that govern the endurance of architecture. If it is to resist the action of storm and time it must rest securely on its pillars of character, skill and experience.

The organizational cornerstone of Chubb & Son was laid in 1882. It has grown since... not as a rambling structure but, rather, as an example in the functional architecture of service.



CHUBB & SON, *Underwriters*

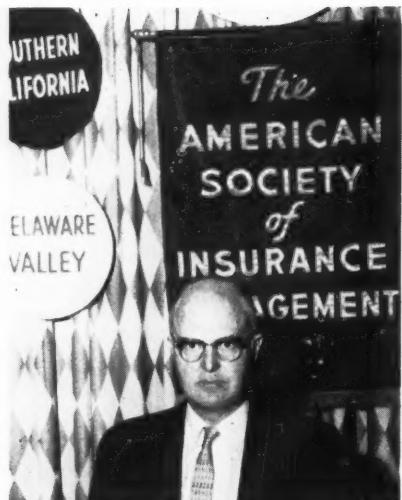
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Life Insurance through Federal's affiliate Colonial Life Insurance Company of America
Aviation Insurance through Associated Aviation Underwriters

ASIM Meets In New York



Joseph A. Navarre
Speaking Before ASIM
Meeting on May 5th.

President of the National Association of Insurance Commissioners Addresses Meeting

At the semi-annual meeting of the American Society of Insurance Management, Inc., held in New York on May 5th, Joseph A. Navarre, Insurance Commissioner for the State of Michigan, and president of the National Association of Insurance Commissioners, addressed members and guests.

Mr. Navarre was introduced by Julius Wikler, Superintendent of Insurance for the State of New York who briefly reviewed Mr.

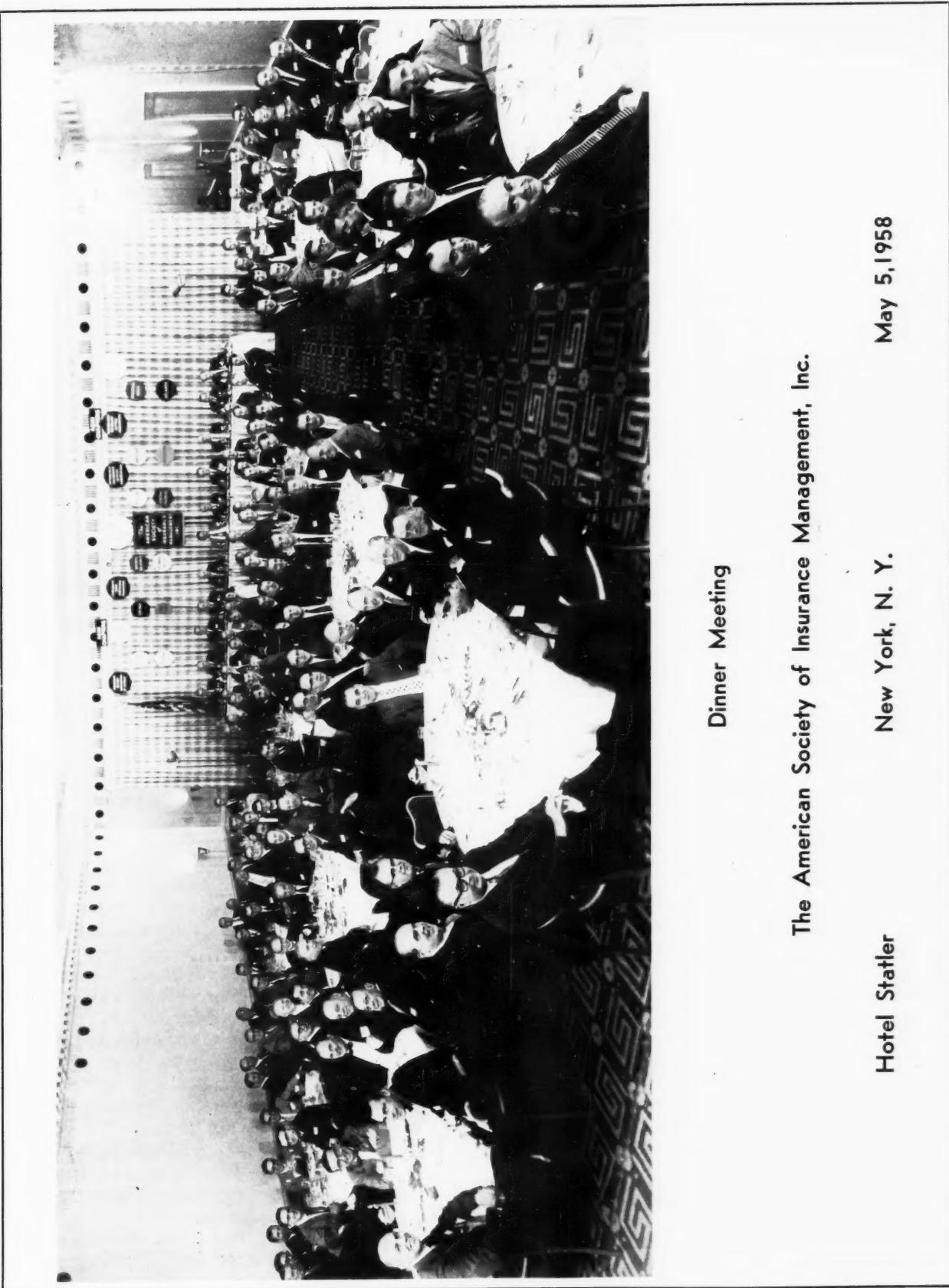
Navarre's long career in insurance supervision.

On May 4th, prior to the dinner meeting, members of the Executive Committee and members of the Board of Directors reviewed the activities of ASIM during the past year and made plans for the annual meeting which will be held in Chicago in November, 1958.

Joe T. Parrett, president of the American Society of Insurance Management, Inc., presided at the dinner meeting.



Semi-Annual Meeting of the American Society of Insurance Management, Inc. — Seated at the head table, left to right: Peter A. Burke, Managing Director, ASIM; Raymond V. Brady, Chase Manhattan Bank of New York, secretary, ASIM; W. W. Downs, representing Insurance Commissioner Edward Larson of Florida; H. Stanley Goodwin, McKesson & Robbins, 1st vice-president, ASIM; Joseph A. Navarre, President of the National Association of Insurance Commissioners; Joe T. Parrett, The Carnation Company, president, ASIM; Julius Wikler, Superintendent of Insurance-State of New York; W. Howard Clem, Schlumberger Well Surveying Corporation, 2nd vice-president, ASIM; B. E. Kelley, United States Plywood Corporation, Chairman of Executive Committee, ASIM; Charles H. Thiele, Federated Department Stores, Inc., regional vice-president and member of the Executive Committee, ASIM; and T. V. Murphy, Maryland Shipbuilding & Drydock Company, regional vice-president and member of the Executive Committee, ASIM.



May 5, 1958

New York, N. Y.

Hotel Statler

The American Society of Insurance Management, Inc.

Dinner Meeting

Multiple Line Underwriting

By

Robert F. Degener

Vice President

Appleton & Cox, Inc.

(Address before Delaware Valley Chapter, ASIM)



Robert F. Degener

I have chosen the subject of Multiple Line underwriting but before I get into the discussion of this subject I must take advantage of this opportunity to make a few comments which in my opinion may be considered in the category of a warning to the insurance buyer. I am quite sure that most of you are fully aware of the underwriting losses sustained by a large majority of the insurance companies during the past two years and while these losses have not jeopardized the financial structure of the companies, it has to some extent changed the picture insofar as you are concerned. Underwriting losses can only be condoned for a short period of time when it then becomes necessary for action to be taken to improve the conditions. This action is usually taken in two steps: first, and a very important one to you, is by the way of increased rates, second, by limitation or restriction of coverages. Now, here is where you as an insurance buyer can also

take steps to endeavor to protect yourselves.

These steps can be taken in many ways but one of the foremost and important steps is the realization by you of the necessity of proper safeguards being used at all times to minimize losses. It is my opinion that there is a tremendous job still to be done by manufacturing concerns in the way of loss prevention. You can visit plants and will see the pride that some take in their loss prevention record. In some cases I have seen notices posted in the most conspicuous places setting forth the loss record of their operation. Some concerns, being mindful of this situation, have gone all out to improve their operations and by so doing have been able in many areas to improve their insurance

cost. While these safeguards will affect many phases of the insurance program, they are very important from the standpoint of Multiple Line coverages.

Many losses that have occurred in the past two years can without a doubt be attributed to carelessness or improper safeguards being used by the concerns involved. Underwriters are only too willing to assist assureds in improving their operational program so as to improve their loss ratio. The Multiple Line coverages today take into consideration loss experience and naturally the better the experience, the better the rate.

I thought it was advisable to make these opening comments, because of the importance to you and to the insurance underwriter and, when you arrive at the time to make an analysis of whether or not you qualify for any one of the various Multiple Line coverages being offered, you will be in a better position to determine just where you stand, insofar as your operation is concerned, in loss prevention.

I am sure most of you know that Inland Marine Underwriters have dealt with Multiple Line Underwriting for many years. So the newer forms coming on the market today and covering in many different situations, are not, from the peril standpoint, foreign to the Inland Marine Underwriters. You

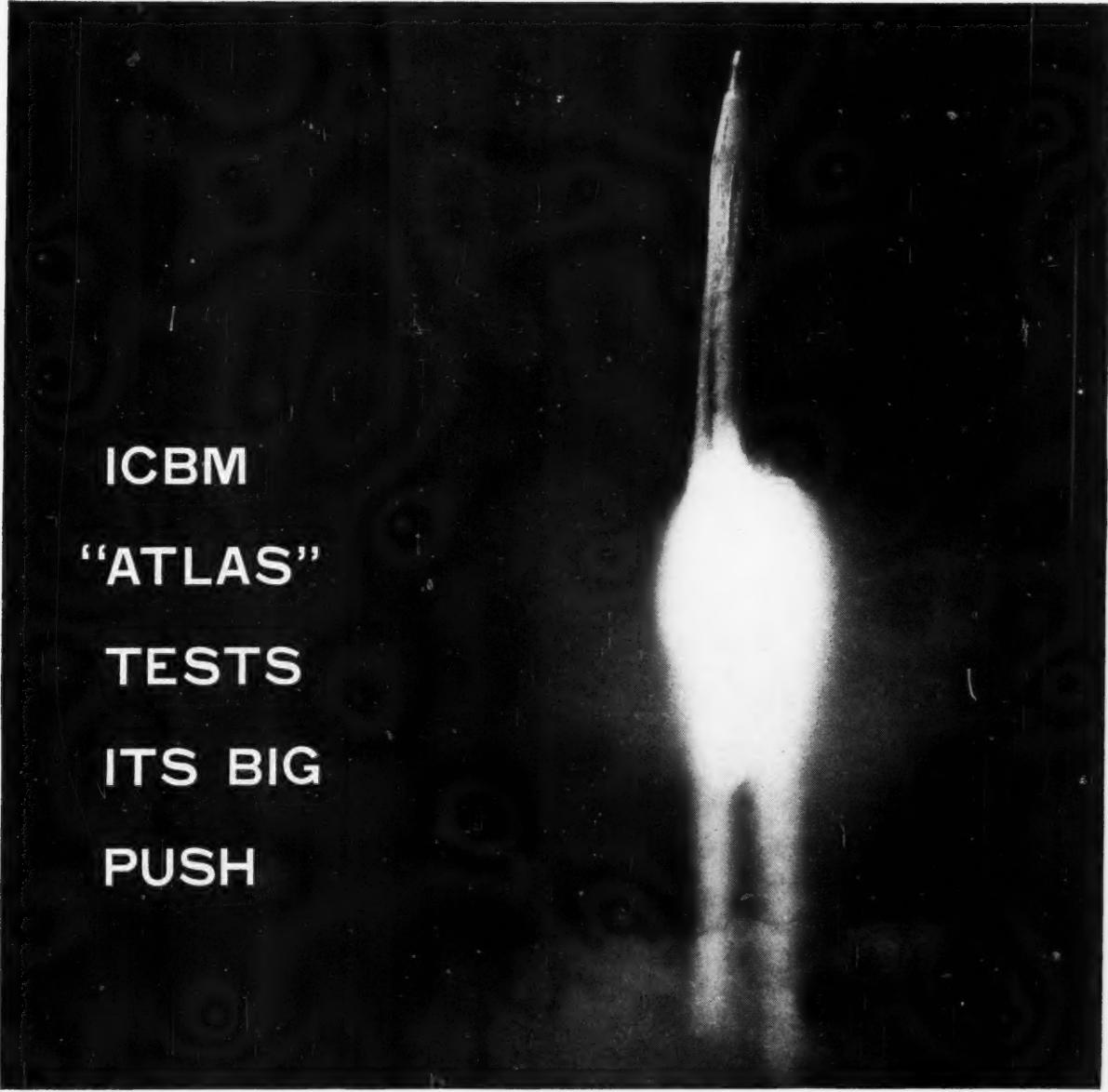
(More on page 33)

About Mr. Degener:

Robert F. Degener, Vice President of Appleton & Cox, Inc., New York, N. Y. has just completed thirty-five years in the Inland Marine Underwriting field.

He has served as Chairman or as a member of many of the Rates and Forms Committees of the Inland Marine Insurance Rate and Form Bureau.

In addition to his affiliation with Appleton & Cox, Inc., he is a vice-president and director of Washington General Insurance Corporation.



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WAREHOUSE TO CUSTOMER . . .

Are Your Shipments Adequately Insured?

by

Edward D. Vickery

Senior Partner

Royston, Rayzor & Cook, Admiralty Attorneys

(Address before the Fifth Annual Insurance Conference — Houston Area Insurance Buyers Association, ASIM)

Since the subject is so large I will confine my remarks to water carrier transportation of goods, merchandise and equipment. In doing so, I assume that all are familiar with the transportation of goods and equipment by truck and rail carriers where in general terms we may state that the common carrier liability imposed upon truck and rail carriers makes them virtual insurers of the goods while in their custody.

But the situation is vastly different when you are shipping your cargo by water, whether upon the Rivers and Inland Waterways System of the United States or whether this may involve ocean transportation to some foreign port or to some other American port or to an offshore drilling site.

Almost from the inception of the carriage of goods by water, the carriers have been placed in a much more favorable position with respect to liability for loss or damage to the goods entrusted to them than has ever been enjoyed by land car-



Edward D. Vickery

Edward D. Vickery is a Senior Partner in the law firm of Royston, Rayzor & Cook, Admiralty Attorneys of Houston, Texas. He has been associated with Royston, Rayzor & Cook since September, 1948, and became a Senior Partner in 1955.

Mr. Vickery was graduated from the University of Texas with degrees in Bachelor of Arts and Bachelor of Law. He is associated with the State Bar Association of Texas, The American Bar Association, and the Maritime Law Association.

riers. The theory behind this simply is that the liability of a water carrier should be limited substantially compared to the common carrier liability of rail and truck lines in order to encourage individuals and corporations to become water carriers. In connection with water carriers engaged in foreign commerce, this encouragement or inducement was felt to be sound not only from an economic standpoint, but also to encourage private enterprise to develop a merchant marine which was quickly convertible to wartime use in times of emergency. The soundness of this policy of encouragement to private enterprise to enter into water carrier transportation has never been more vividly illustrated than in World War I and World War II, when I think all will agree that while ultimate victory may have been possible without the Merchant Marine furnished by private enterprise, certainly the period of time in which these devastating hostilities continued would have been materially increased without the availability of these vessels from the Merchant Marine.

(More on page 18)

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Delaware Valley Chapter Schedules Conference for October 8, 1958

The Delaware Valley Chapter of the American Society of Insurance Management Inc. will conduct a one-day insurance conference at the Sheraton Hotel in Philadelphia on Oct. 8. This conference has been scheduled to commence at 9 a.m. and continue until 4:30 p.m. The program has been arranged to increase the insurance knowledge of the corporate risk manager.

The speakers will be John A. Diemand, president, Insurance Company of North America, W. White, vice chairman, Lumbermen's Mutual Casualty Company, Ambrose Kelly, general counsel of the Associated Factory Mutual Companies, A. Criddle, executive vice president of Ostheimer-Walsh, Inc., brokers, W. Schiff, assistant secretary of the Indemnity Insurance Company of North America and Dr. W. Snider, assistant professor of insurance, University of Pennsylvania.

The topics will cover a large portion of corporate requirements such as fire, fidelity, liability and boiler and machinery insurance.

This will be the first insurance conference held in Philadelphia which has been designed to attract the corporation insurance manager. The speakers will direct their presentations toward the insurance requirements for the buyer to properly protect his company's assets. The program arrangements are under the direction of F. Walter Norcross of the Budd Company in conjunction with Dr. W. Snider of the University of Pennsylvania.

Warehouse—(Vickery)

(From page 16)

What I should like to do is to discuss with you first of all those exemptions from or limitations of liability of water carriers created by statute and the general maritime law of the world which are peculiar to water transportation, but which can result in substantial costs and expenses to a shipper of goods or equipment by water which the shipper will probably want to cover with adequate insurance.

After considering these statutory limitations and exemptions from liability in favor of water carriers and these doctrines of the general maritime law, I should then like to consider the insurance coverage which is available to a shipper of cargo or equipment, depending on whether the cargo is being shipped to a foreign country, by sea to another American port, on the Inland Waterways System of the United States, or whether it is cargo destined for an offshore drilling barge or platform.

First of all, let's consider the two principles of the general maritime law which might result in substantial charges having to be paid by the owner of cargo or equipment even though the owner of the cargo may be hundreds or even thousands of miles removed from the scene of the activity.

Salvage

The first of these relates to possible salvage awards which might have to be paid to some person or persons who have salvaged a vessel and its cargo when it was in distress. These salvage awards are much less frequent in our day, primarily because of the increased knowledge available to water carriers with respect to weather, radar and other substantial aids to navigation. Nevertheless, it can be a substantial factor on occasions.

The salvage claim belongs not only to the vessel and its owners, but also to the members of the crew of the salvaging vessel. For the most part the amount of a salvage award depends to a large extent on the value of the property

which is salved, the value of the property or vessel used in effecting the salvage and the risks of damage to the property and to the crew who performs the salvage operations.

The possibility of salvage services being rendered for which a shipper's cargo may be called upon to respond in damages is present in connection with the carriage of goods by water wherever it may occur, although, as you can probably appreciate, upon the Inland Waterways of the United States and the Rivers connected therewith, the possibilities of substantial salvage services being performed is relatively slight, but when you are engaged in offshore drilling operations or in foreign voyages, particularly where tugs and barges are involved rather than deep sea cargo vessels, it is a substantial factor from the standpoint of a cargo owner that must be considered.

General Average

The next occurrence which might result in cargo having to make a substantial payment is something that is also peculiar to maritime law. This is general average. While many approach general average as a mystical, intricate and profound subject, it is in fact a very simple idea.

General average is nothing more than an application of the simple and equitable principle that what is disbursed or sacrificed for the common good in an extraordinary way in time of emergency must be reimbursed, or made good, by the contribution of all. It recognizes a community of interest which as we have previously indicated is a principle that is peculiar to maritime law.

When a ship or cargo is damaged in efforts to extinguish a fire, when a vessel puts into a port of refuge to repair damage so that she can continue her voyage, when cargo is jettisoned for the safety of the ship and the remaining cargo, when expenses are incurred and sacrifices made to refloat a stranded vessel—in all of these instances you have the essential elements of general

(More on page 20)

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Warehouse—(Vickery)

(From page 18)

average. Ship and the cargo contribute to the cost of entering and leaving the port of refuge and certain portions of the expenses while there, and contribute in a similar manner to make good the value of jettisoned cargo and to defray the cost of refloating a stranded vessel. This simply means that if some portion of the cargo aboard the vessel is sacrificed to save the vessel that the remainder of the cargo, the vessel and the cargo that is saved contribute on a proportionate basis toward the reimbursement of the owner of the sacrificed cargo for his loss.

Usually the cargo owner is first aware that some of his cargo is involved in a general average situation when he receives a delightful surprise from the vessel owners—that even though he owns the cargo and he has paid the freight, that under the general maritime law and the York-Antwerp Rules, he can't have his cargo unless he puts up what is called general average security. The cargo owner must sign an average agreement and give the guarantee of an underwriter or put up any amount of cash up to the full value of the cargo which the vessel owner might demand. I often marvel at the fact that cargo owners submit to these demands, legal though they are, with such docility. Perhaps they are frightened by the grave aspects and sonorous phrases of the average agreement, which makes the Declaration of Independence sound like a childish attempt at rhetoric. But whatever the cause may be they generally submit, and often, surprisingly enough, without much objection.

Here again, the most frequent general average situations arise in connection with deep sea voyages rather than in connection with transportation of cargoes by water upon the rivers and Inland Waterways System of the United States. However, such a situation can arise in connection with offshore drilling operations.

Limitation of Liability Statutes

Still another maritime item of substantial benefit to vessel owners are the Limitation of Liability Statutes of the United States.

These statutes simply provide that where a vessel owner has used due diligence to make his vessel seaworthy at the commencement of a voyage and a casualty occurs without the privity and knowledge of the owner himself that the owner's liability to cargo, to passengers and to other vessels with which it might have collided may be limited to the value of the vessel after the casualty.

For example, assume that you wanted to send a barge load of your equipment to an offshore drilling site and hired a barge from one company and a tugboat to tow the barge from another company for this purpose. Assume further that due diligence had been used to see that the vessels were seaworthy at the commencement of the voyage but that while the tug was towing the barges to the offshore drill site, solely through the negligence of the master of the tug, who was an employee and not the owner of the tug, both the tug and barge with all your equipment on board were sunk. Assume further that the cost of attempting to raise the tug and barge and of attempting to recover your lost equipment would be economically unsound. Unless you had adequate insurance to cover the equipment which you had on the barge, under this hypothetical fact situation you would have to bear the entire loss and would not be able to recover any of it from either the owner of the barge or the owner of the tug regardless of the financial soundness of those two companies. This, for the reason that both the tug and the barge would be able to limit their liability to nothing because that would be the value of the tug and the barge after the casualty.

Fire Statute

Included in the so-called limitation of liability statutes of the United States is what has become known as the Fire Statute. This statute provides that the owner of

a vessel shall not be liable for any loss or damage to any merchandise aboard the vessel caused by fire unless that fire is caused by the design or neglect of the shipowner. While the terms design or neglect of the shipowner on their face would probably create the impression that it might be a relatively simple matter to impose liability for fire damage upon a vessel, this is not so, for the neglect which must be shown, generally speaking, is that of the owner himself. Furthermore, the prospects of recovering against the vessel owner for damage caused by fire is made increasingly difficult since the burden of proving design or neglect of the vessel owner remains on the cargo damage claimant, and as you can appreciate getting favorable evidence from an adverse party such as a vessel owner or members of that vessel's crew is not infrequently an insurmountable obstacle.

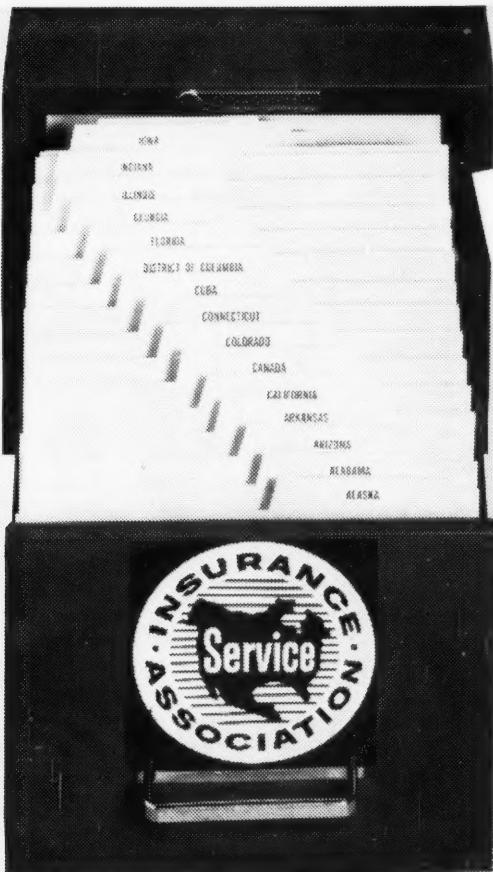
I do not think I am going too far when I say that recovering for damage to cargo caused by fire aboard a vessel is an extremely difficult, although not impossible, undertaking.

The Harter Act

Apparently because of the tendency of vessel owners to place in their bills of lading clauses which completely relieved them of any and all liability whether occasioned by their negligence or fault or otherwise and whether occasioned by their failure to furnish a seaworthy vessel, in 1893 the Congress of the United States passed what has become known as the Harter Act.

But in addition to expressly providing that it was unlawful to insert in any bill of lading any clause relieving the vessel owner from liability for loss or damage arising from negligence, and that it was unlawful to insert any clause in the bill of lading relieving a vessel owner from using due diligence to make the vessel seaworthy, the Congress also provided certain exemptions from liability. Oddly enough, these exemptions from liability covered merchandise being transported to or from any port in

(More on page 22)



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INSURANCE SERVICE ASSOCIATION OF AMERICA

Warehouse—(Vickery)

(From page 20)

the United States and were not limited to transportation of goods between American and foreign ports as were the negligence and unseaworthiness provisions above mentioned. This section of the Harter Act provides that if the vessel owner has used due diligence to make the vessel seaworthy in all respects, the vessel will not be liable for loss or damages resulting from:

*Faults or errors in the navigation or in the management of the vessel;
From dangers of the sea or other navigable waters;
Acts of God;
Public enemies;
From the inherent defects, quality or vice of the cargo carried;
From insufficiency of packaging;
From seizures under legal process;
From any acts or omissions of the shipper or owner of the goods, his agent or representative;
From saving or attempting to save life or property at sea;
From any deviation in rendering such service.*

Carriage of Goods By Sea Act

From the passage of the Harter Act until 1936, the continuing drive for uniformity in bills of lading relating to transportation of goods by water continued, and in 1936 the Congress of the United States passed what is known as the Carriage of Goods by Sea Act, or in abbreviated form as COGSA. This superseded the Harter Act with respect to foreign commerce from the time it was attached to the ship's tackle in loading until the time it was removed from the ship's tackle at the discharging port. As the Carriage of Goods by Sea Act provides that its is permissible for a carrier and shipper to agree that its provisions can apply in domestic commerce, it often is made to supersede the Harter Act in that field also.

The Carriage of Goods by Sea Act brought forward the basic provisions of the Harter Act forbidding clauses relieving a carrier from loss or damage from negli-

gence or fault or failing to perform the duties and obligations provided by the Act, and continued the imposition upon the shipowner of the duty to use due diligence to make the vessel seaworthy.

However, in considering exemptions from liability from certain designated causes, the Carriage of Goods by Sea Act went considerably further than the Harter Act. COGSA provides that in addition to the ten exemptions in the Harter Act the vessel also shall not be responsible for loss or damage resulting from:

Fire, unless caused by the actual fault or privity of the carrier.

Acts of war.

Arrest or restraint of princes, rulers or people.

Quarantine restrictions.

*Strikes or lockouts or stoppage or restraint of labor from whatever cause, whether partial or general:
Provided they are not the result of the carrier's own acts.*

Riots and civil commotions.

Wastage in bulk or weight or any loss or damage arising from inherent defects, quality or vice of the goods.

Insufficiency or inadequacy of marks.

Latent defects not discoverable by due diligence.

Any other cause arising without the actual fault and privity of the carrier and without the fault or neglect of the agent or servant of the carrier.

COGSA also expressly provides that the liability of the ship or carrier will be limited to \$500 per package or per customary freight unit unless the nature and value of the merchandise is declared by the shipper before the shipment and this is inserted in the bill of lading, as always at increased freight rates.

While COGSA expressly gives to a carrier the liberty to surrender in whole or in part all of its rights and immunities and increase its responsibilities under the Act provided these things are done in the bill of lading which is used to the shipper, to my knowledge whether on American flag or foreign flag

vessels, nearly all goods are transported under the exact provisions of this Act without substantial variation.

Perhaps by this time you feel a little like the witness before a Congressional Committee who pondered a question, and then after a long whispered consultation with his lawyer, did not answer, "I refuse to answer on the grounds that it might incriminate me", but rather bluntly stated, "I refuse to answer because I don't understand one damn word of my counsel's advice."

Perhaps by this time you are in a sufficient state of bewilderment and confusion that what I am about to say has already occurred to you—that any time any of your goods, merchandise or equipment is going to be transported to any extent by water carriers, you must be careful to ascertain that you have adequate insurance coverage commensurate with the risks or that you are fully aware of all of the immunities from liability enjoyed by a vessel owner and are content to bear the loss if it occurs in such a way that there is no liability on the carrier.

But if we conclude that if we are going to ship goods and merchandise and equipment by water that we will have to adequately cover them by insurance, what type of insurance coverages are available?

From what has previously been said most of you may think that shippers by water are at a distinct disadvantage in dealing with water carriers, but in securing insurance to cover the cargoes that they may desire to ship by water, they are at a decided advantage. This for the reason that contrary to the practice in writing fire insurance, automobile insurance and most other forms of insurance there are no standard forms of policies required by law which must be approved by governmental bureaus. There is no standard form of policy required by law for marine insurance contracts and each insurance company uses its own form of policy and while the difference between them is usually not too

(More on page 26)

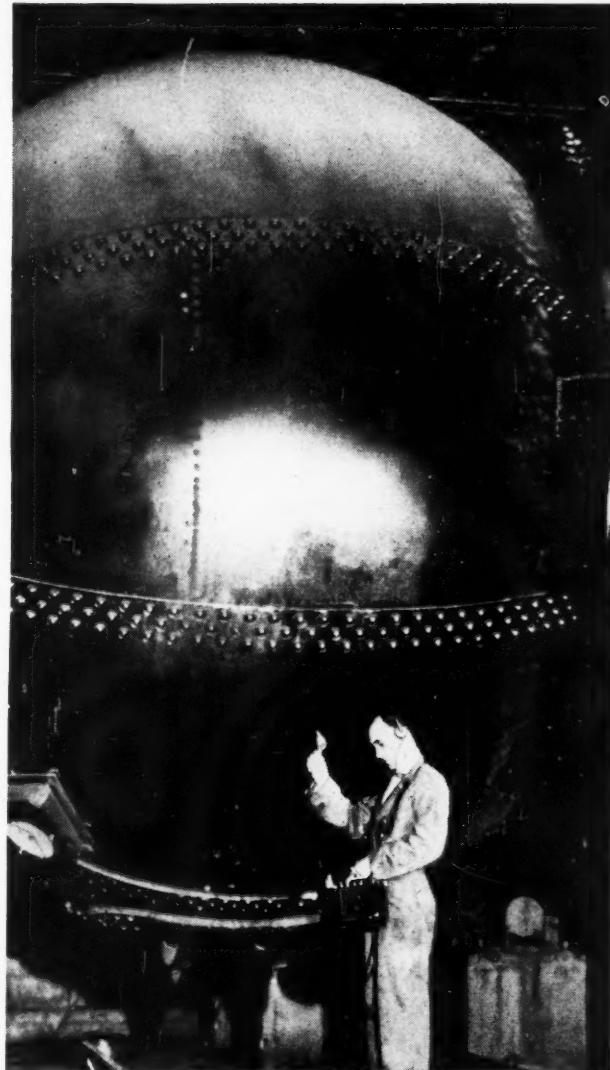
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Renaissance City of America

THE FACT is inescapable that the attitudes of people, their hopes and visions, control the destiny of cities. By drifting along, cities — like humans — die of old-age. Historians will recall the glories of the past, but who is to shape the future?

Not too many years ago, Pittsburgh was drifting, and Pittsburghers were creatures of defense—apologizing for the smoke, the floods, the apathy among its public leaders and its influential citizens.

A short decade has brought a remarkable transformation. Oldtimers, and thousands of newcomers to the area, now are proud of their "New Pittsburgh." Reports on the \$2-billion rebuilding program have stirred interest throughout the world. Leaders in other cities have been inspired to similar undertakings.

Is Pittsburgh's example due to leadership, good

planning, spirited cooperation, the availability of public and private monies; even chance? Pittsburgh is fortunate in having a combination of all. The problems are recognized; the solutions are staked out; the opportunity is seized.

But at the outset had to come the realization that the city is worth saving . . . is worth rebuilding. This is the meaning of the Pittsburgh Renaissance. For like the Renaissance of Europe in the 13th, 14th and 15th centuries, attitudes had to be changed before all else.

There is no end to the Pittsburgh Renaissance story, anymore than there is an end to the constant renovation of any established American community. This is merely a report of where Pittsburgh stands today as it nears its 200th birthday.

(Reprinted by permission of the Chamber of Commerce of Pittsburgh.)

Pittsburgh As You See It:
Golden Triangle At Night

All Photos Courtesy Chamber of Commerce of Pittsburgh, Pittsburgh, Pennsylvania





Mellon Park Square
In Downtown Pittsburgh



Pittsburgh In the Making
Fort Pitt Bridge and Its Ramps
Into Point Park of Gateway Center



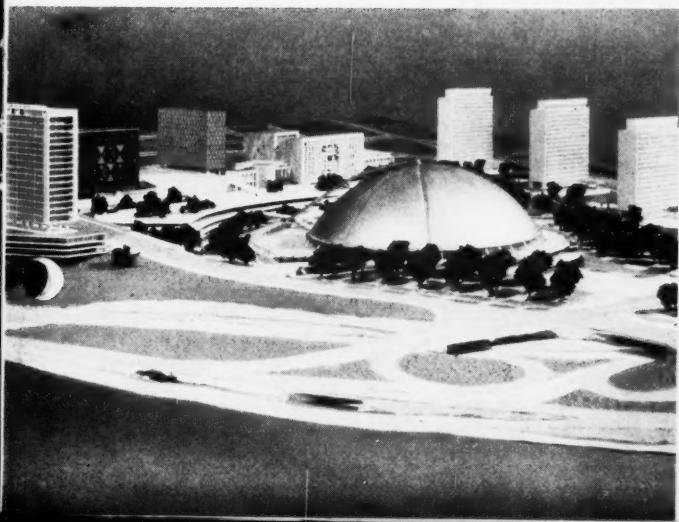
Pittsburgh Before Smoke Control



Pittsburgh After Smoke Control

95 acres of slums will be razed by the Urban Redevelopment Authority on the eastern fringe of the Golden Triangle.

Key feature of the dramatic Lower Hill project is a new civic auditorium-sports arena (shown in center of the sketch) with a retractable roof for summer light opera. The auditorium and a new Crosstown Blvd., will be built first.



Warehouse—(Vickery)

(From page 22)

considerable, there is a sufficient difference in them that thorough familiarity with the forms of the different underwriters by agents, brokers and assureds is necessary.

Thus a marine cargo insurance policy can be tailor-made to fit the needs of a particular assured or a particular shipment without going through a lot of red tape and with the adjustment, if any, to be made upon the rate a simple matter of agreement between the assured and the underwriter.

The only way that a shipper can protect himself fully and be sure of adequate coverage with respect to goods that he is either buying or selling and which are to be transported by water is to have his own cargo policy. In this way the shipper is able to retain control of his insurance by adhering to an old trading rule with which I am sure most of you are familiar—buy F.O.B. or F.A.S. but sell C.I.F.

Stray Risks and Open Cargo Policies

There are two types or methods of insuring cargoes destined for transportation by a water carrier. These are usually referred to in the insurance trade as stray risks; that is, on an individual shipment basis, and the open policy under which

by far the largest volume of business is written.

Obviously, if you have only infrequent shipments by water, the stray risks or individual shipment basis will probably be the method of insuring your cargo that you will select. This simply means that when you have some cargo to be transported by water, a separate policy is obtained to cover that individual shipment. The premium is agreed upon and the value of the cargo, its exact destination and method of carriage is usually specifically spelled out in the policy.

The open cargo policy, however, is the rule rather than the exception, and is best for a frequent shipper by water. As the name implies, this policy is one that affords continuous coverage to the assured for all shipments defined in the policy. These open cargo policies usually provide specific rates for certain types of commodities or merchandise to be carried to fit the needs of the shipper, and wherever possible, certain geographical limits or voyages are also included in the open policy. Actually, however, the policy is usually worded in such a way that coverage will be afforded automatically on any commodity on any voyage with the details to be worked out at a later date. As you can appreciate, there is always a monetary limit, usually very high and more than ample to

give proper protection to the assured. No premium is paid except on the reported values of shipments actually made under the open policy. In this connection, however, the assured agrees to report all of his shipments and in return for this receives the underwriters agreement to insure these shipments even if reported late or even if inadvertently a particular shipment has not been reported. As you can see, the utmost of good faith between underwriters and assureds is essential to the proper functioning of an open cargo policy. For this reason, underwriters select the assureds to whom they will issue an open policy with the utmost of care. Under this open cargo policy, the assured is required to report generally not later than the 30th day of the following month a record of shipments made during the preceding month. Thus, it is entirely possible under an open cargo policy that a loss may have occurred before a shipment is actually declared or reported to the underwriters. Nevertheless, the loss is covered provided it is caused by a peril insured against in the policy.

Attachment of Insurance

The question then arises as to when the insurance under this open cargo policy attaches. Generally speaking, that occurs when the shipper could, because of loss or

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Warehouse—(Vickery)

(From page 26)

damage, suffer financially. Thus, if you are buying F.O.B. or F.A.S., they would attach at that time, and if you are selling C.I.F., the warehouse-to-warehouse clause in the policy would cover the goods until delivery to your customer.

In this connection, however, I think it wise to mention that the usual warehouse - to - warehouse clause in a marine cargo policy provides coverage from warehouse to warehouse or until the expiration of 15 days after discharge from the vessel, or 30 days if the destination of the goods is outside the limits of the port of destination, whichever shall occur first. Thus, under the usual warehouse - to - warehouse clause, the shipper has only 15 days after the goods arrive in the port of destination, or in some cases 30 days as previously indicated, in which to complete delivery to the warehouse at destination.

When you are handling a shipment by water under the so-called stray risk or individual shipment policy, the actual attachment of the insurance is usually agreed upon depending on the particulars of any one shipment. Usually this policy provides that the insurance attaches at a stated time whether the goods are lost or not lost. This sometimes creates confusion, but it simply means that if at the time the insurance is to attach according to the policy the goods are already in transit and at the risk of the assured and he has no knowledge of their shipment, the coverage nevertheless attaches even though it subsequently develops that the goods were already lost or damaged at the time the insurance was actually effected. Obviously, if the assured had knowledge of the loss or damage at the time the insurance was effected, the policy would be void.

Losses Covered

Whether you are dealing with a stray risk policy or an open form of policy, these cargo policies cover

(More on page 32)

**It's a good thing
SOMEBODY
plays with fire**

One reason why so many of our policyholders have so few fires these days can be traced to research . . . to engineers who literally play with fire.

Because of the constant effort of our laboratory engineers . . . testing hazardous materials and protective devices . . . fire safety is rapidly developing into such an exact science that practically all destructive fires are now preventable.

It is this laboratory service that can make the big difference to you as a policyholder. It adds up to a protection that is head and shoulders above mere insurance. For, as advisor on plant protection, we work with *you* to safeguard your plant against fires, explosions and windstorms *before* they start . . . *before* they can stop production at your plant.

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The Policy Holder—(Parrett)

(From page 6)

common purpose with you people.

We are dedicated to the purpose of teaching our people that there must be an ethical conduct on our side of the fence as well as the other. We are conscious of the fact that just because our membership spends hundreds of millions of dollars in annual premiums, that this doesn't entitle us to throw our weight around. The problems of the medium and small buyer are just as important to us as the large corporation.

What does your constituent think about federal regulation? Does he want it? Does he understand it? These are questions that I would want the answers to if I were a State Insurance Commissioner or a Company official. More important, if I were an advocate of federal control of the insurance business, the policyholder is the place I would start my campaign of persuasion. What have you people advocating state control done to reach the policyholder about your side of the story? I suspect not much, or not effectively, from what I have been able to learn.

Permit me to now go on record that our organization favors state regulation. You would be surprised to know, however, that there are many representatives of major insureds that are not sure but what federal regulation would be better. If trained insurance men of major companies think this way, how about the small individual buyer who hasn't even been reached?

We believe in State Control of the insurance business not because it's perfect — it's far from it. We believe that state regulation can be improved, with all parties cooperating. If it is improved and made better, then it will far surpass federal control, and the policyholder will benefit. We are concerned about federal regulation because once started, it will be practically impossible to curb. We believe the policyholder's interest will suffer, but I am not so sure that the vast majority of people know enough about the situation to have an opin-

ion and would be ready prey for a good propaganda campaign for federal control.

I am not going to go into detail or bore you with the reasons those of us favoring state control think as we do. These are the same reasons you advocate.

In spite of our attitude, many times we get discouraged when we meet head-on with some of the perplexities and inconsistencies of state control or regulation.

This manifests itself more clearly many times when those of us who are your friends attempt to explain or alibi for you. Most of us on my side of the fence answer to top company officers and a Board of Directors. These men are peculiar individuals — they won their spurs up through the ranks of their companies, and have a bad habit of talking hard and common sense. They have the effrontery to ask straightforward questions and compound the problem by expecting simple answers. My personal experience also indicates that many of them are sadly lacking in mathematical education, as they insist two plus two equals four.

Here are examples of some of the questions posed to a Corporate Insurance Manager by his management:

1. How do you explain the fact, that here is a business that doesn't have to carry large inventories, no appreciable investment in plant and equipment, a relatively few employees on the payroll for the dollar volume of business done, and still this business many times can't afford to return to its clients more than 50% of its premium income, and show a profit. They ask where this other 50% goes. They wonder if this business of insurance is efficiently operated.
2. They want to know about this tremendous multitude of bureaus and rating organizations — are they all necessary? Is there duplication in their activities? Most important is the cost of maintaining these in our premiums.
3. What about these apparent rat-

ing inconsistencies? Why, they ask, Mr. Insurance Manager, does the fire insurance rate on the identical type building vary as much as 300% between two major cities?

4. Tell us, they say, why is one policy available in one state and not another? If one plan of insurance is good for Ohio people, why isn't it good in Washington?
5. Why are there so many inconsistencies in state insurance laws if they are designed to protect the policyholder?
6. Explain to us, Mr. Insurance Manager, the reason for some of these rulings by State Insurance Commissioners—are they solely for the insurance company's benefit, or did they give any consideration to the policyholder?
7. Who are these state officials trying to please, and who do they work for?

7. They also want to know if all of these voluminous statistics insurance companies must file are necessary and if there is not considerable duplication.

Now you and I know these questions do not present as severe an indictment as it might appear. If you think these questions haven't been asked, or that they are a figment of my imagination, you are mistaken. You may also think this attitude comes only from big business prodded on by over zealous insurance managers.

I took a poll of small individual policyholders to see what the man on the street thought of federal control versus state regulation. The results were frightening to me, and may be of interest to you. Out of 187 individual replies, 62% thought the federal government could better regulate insurance business than the states. An amazing thing was that 28% thought we already had federal regulation. The pro-federal people gave some thought provoking answers — such as success of Interstate Commerce Commission, Security and Exchange Commission, and national bank

(More on page 29)

The Policy Holder—(Parrett)

(From page 28)

control. Does this make you stop and think? It did me.

I shouldn't close without addressing a few remarks to our friends with the insurance companies. For years many of us closely associated with your business have pleaded with you to get a realistic public relations program going. We think you do a miserable job by not telling the public the many good points about your business, and the problems with which it is forced to cope.

Those that have tried have failed because their public relations programs smacked of being written by insurance men, and not the public.

I once was almost thrown out of a meeting when I said that as far as public relations were concerned, insurance companies were walking around in a sand storm of confusion, wearing snow shoes.

Not everyone has had the privilege some of us have in associating closely with insurance companies. They don't know what a fine business it is, and the excellent character of the men in it. They don't know of the many problems that are vexing you today, and I think you make a mistake in not telling them, in terms they can understand.

In closing, let me assure you that the members of the American Society of Insurance Management have faith in their state regulatory authorities, and the insurance business. We know that which is good for the business is good for us, and that which is bad for the business is bad for us.

We realize that it is easier to criticize than construct. Your problems are not minute, and we don't propose that we can diagnose and cure. We don't know all about this business but we might have some worthwhile thoughts. Don't be afraid of us because we may want you to wipe a little egg off your face. We like you, respect you, and need you.

You have some friendly neighbors in the house across the street, the latch string is out, and they would like the opportunity to earn a little closer friendship with you.



When you ship, title passes, and your credit risk begins

At the time of shipping, you create an account receivable . . . and unless you have credit insurance . . . your insurance protection ceases. You lose control of the asset because title of the merchandise has passed. It is sound to insure your product while you own it . . . it is equally sound to insure it when your customer owns it . . . and owes *you* for it. Aggressive executives, through American Credit Insurance, continue protection of their working capital and profits invested in receivables. It is an important tool for constructive credit management. Our booklet on the many ways credit insurance contributes to financial security and sales progress should interest *you*. Write AMERICAN CREDIT INDEMNITY CO. of New York, Dept. 33, 300 St. Paul Place, Baltimore 2, Maryland.

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from the CLIENTS' SERVICE BULLETIN
of The American Appraisal Company

Just as the impact of rising prices has developed the need for increased insurance on physical property, so, too, have current price trends affected leasehold interests.

When, under the lease agreement, the lease is canceled because of a fire, the lessee suffers a loss of the leasehold value. If the leasehold interest is insured, the insurance company assumes the loss and indemnifies the assured for his interest in the canceled lease.

The valuation of the leasehold interest involves many factors, both plus and minus. These may include an agreement particularly favorable to the lessee; a shift of the lessee's business to or from a locality; improved transportation facilities; improvements made by the lessee; provision for payment of taxes, insurance, maintenance or other expense by the lessee; tenure of the lease; renewable options, etc.

Obviously, one of the most direct methods of valuing a leasehold is to compare it with established rentals for similar properties. Even this method requires skilled, informed judgment to weigh the relative advantages and disadvantages of the several properties. In cases wherein comparable properties are not available, an appraisal of the physical property is required to establish a fair return.

Leasehold insurance based upon leasehold values of prior years may be inadequate and should be re-examined in the light of current conditions.

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September 12th is the Day for Dallas-Fort Worth Chapter Conference

A one-day seminar sponsored by the Dallas-Fort Worth Chapter of the American Society of Insurance Management, Inc., is scheduled for September 12th at the Hotel Adolphus in Dallas, Texas.

Prominent leaders representing all facets of the insurance industry will participate at the meeting, according to Hilton Folkes, Assistant Secretary of Dr. Pepper Company, and chairman of the Publicity Committee for the chapter.

The seminar will concentrate on "problems and their solutions" as they affect the corporate insurance manager.

Officers of the Dallas-Fort Worth Chapter, ASIM are: T. T. Redington, Jr., of Dresser Industries, Inc., president; D. H. Mackaman, Campbell Taggart Associated Bakeries, vice-president; H. W. Palmer, Frito Company, treasurer; and Miss Annetta Johnson, The Murray Company of Texas, secretary.

Minnesota Chapter Elects New Officers

Minnesota Chapter, ASIM, has elected Robert S. Johnsen of St. Paul Terminal Warehouse Company, president; Clyde Thompson of International Milling Company, vice-president; and M. Scott Rhodes of Owatonna Canning Company, secretary-treasurer for the ensuing year.

Directors of Minnesota Chapter, ASIM, are: A. D. Brosius, Minneapolis-Honeywell Regulator Company; M. Scott Rhodes; Robert S. Johnsen; Clyde Thompson; William J. McCabe III of McCabe Company; and Howard Weber of Minnesota Mining and Manufacturing Company.

Central Massachusetts Chapter Elects New Officers

At a meeting of Central Massachusetts Chapter, ASIM on May 20th, George M. Betterley was elec-

ted president. Mr. Betterley succeeds Richard Prouty, Secretary of the Norton Company.

Other officers elected were: Henry C. Merriam, The Vellumoid Company as vice president; Harold F. Keyes, Brown & Sharpe Manufacturing Company as secretary; and Laurence T. Kane, Riley Stoker Corporation as treasurer.

Directors are William B. Hurd, Simonds Saw and Steel Company; Lawrence E. Murphy, Wyman-Gordon Company; Gerald J. O'Keefe, Package Machinery Company; and Richard Prouty.

Virginia-Carolina Chapter Elects Stewart Foulke, Jr., President

Stewart B. Foulke, Jr., of Virginia Electric & Power Company is the new president of Virginia-Carolina Chapter, ASIM, succeeding A. Grant Whitney of Belk Stores, Inc.

Serving with Mr. Foulke are B. H. McGhee, Noland Company, Inc. as vice-president; T. A. Newby, Commonwealth of Virginia, Department of Highways as secretary; and G. T. Newman of Smith-Douglas Co., Inc., as treasurer.

Directors are: T. A. Newby; G. J. Morrissey of Reynolds Metals Company; and F. H. Alexander of Spring Cotton Company.

Houston Area Insurance Buyers Association Elects New Officers

G. L. Foley of Humble Oil Refining Company; president; Wm. A. Holcomb, Jr., of Transcontinental Gas Pipeline Corporation, vice-president; George O. Spencer of Trunkline Gas Company, secretary; and Raymond O. Horn of Quintana Petroleum Corporation, treasurer — are the new officers elected by the Houston Area Insurance Buyers Association at the June meeting.

Directors are: Jack Frost of Fish Engineering Corporation; Frank Cox of Schlumberger Well Surveying Corporation; B. G. Callender of Ada Oil Company; and William Suhr of the Bank of the Southwest. Ed Stokely of Dow Chemical Company is the chapter representative to ASIM.



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The National Insurance Buyer — July 1958

Warehouse—(Vickery)

(From page 27)

three kinds of losses: First, total loss; second, partial loss, and this is known in marine circles as particular average; and third, general average losses about which we have previously spoken.

The basic open cargo policy always includes a perils clause and one or more average clauses. The policy can be tailored to fit an individual assured's requirements and may afford coverages ranging from the ordinary marine perils, to broad specifically named perils, to an all-risks cover.

Perils Clauses

The ordinary marine perils clause provides coverage for losses resulting from specifically named risks. These ordinary marine perils are:

1. Those embraced within the comprehensive term "perils of the seas", such as loss or damage due to heavy weather, strandings, collisions, sinkings, and sea water.

2. Fire, both direct and consequential damage, as by smoke, steam and loss from efforts to extinguish the fire. Spontaneous combustion occurring in the insured shipment is excluded from the coverage unless specifically assumed by the underwriters.

3. Assailing thieves — This refers to forcible taking, piracy for example, rather than loss due to

mysterious disappearance or pilferage. Visible evidence of forcible entry or taking is necessary for a recovery under the policy.

4. Jettison — The voluntary dumping of cargo overboard to protect the ship and/or other cargo from a common danger.

5. Barratry — This is a fraudulent, criminal or wrongful act by the ship's captain or crew that causes loss or damage to the ship or cargo.

6. All other like perils — That is, all other perils of the same nature as those specifically mentioned above but not all risks in the usual sense that the term is used in insuring circles.

These ordinary marine perils are usually supplemented by specific clauses extending the coverage under certain conditions to other specific risks. These include explosion clauses, the Inchmaree clause which covers damage or loss caused by the bursting of boilers, breakage of shafts or through any latent defect in the hull or machinery of the vessel, from errors in the navigation or management of the vessel, a warehousing and forwarding charges clause, a loading or unloading clause, a shore peril clause, a both to blame collision clause, and a general average and salvage charges clause. In addition to these, a collect freight clause to guarantee the collection of freight can be added, and extensions of the policy to cover other named perils such as

theft, pilferage, non-delivery, ship sweat or condensation, fresh water, leakage and breakage can also be obtained. It is as these endorsements are added that we pass from the ordinary marine perils to the broad named perils policy.

From the basic peril clause through the broad named peril type of policy, we come to the all risks form which is increasing in popularity daily. It is my understanding from some of my friends in the insurance fraternity that most cargo shippers prefer all risk coverage when it can be obtained. This coverage insures against all risk of physical loss or damage from any external cause.

The necessity of there being an external cause of the damage in all risk coverage cannot be over-emphasized. And as always, even in this so-called all risks cover, there are certain exclusions. These exclusions include the following:

1. Loss of market, or loss, damage or deterioration arising from delay.

2. Loss arising from inherent vice of the goods.

3. Loss or damage arising from strikes, riots or civil commotions.

4. Loss or damage arising from acts of war.

5. Loss, damage or expense arising from seizure or detention because of any illicit or prohibitive trade, trade in contraband of

(More on page 40)



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Multiple Line—(Degener)

(From page 14)

have heard about the manufacturers output policy which covers the output of the manufacturer but does not cover on a manufacturing premises. In other words, this policy is designed to cover the transit and the distribution of the products manufactured, which would include coverages by all modes of transportation and while at all distribution locations.

The next Multiple Line policy was the merchandise block form which was introduced on the Pacific Coast. This gained a lot of momentum and was well received, in fact is still being written rather freely in that area.

The mercantile block was the next Multiple Line policy to make its appearance, then the commercial property floater superseded the mercantile block policy and is the one that is more or less popular in most of the states today. The latest form of Multiple Line contracts is the Industrial Property Floater.

In analyzing the Multiple Line contracts, you will find that underwriters have taken into consideration the many years of experience in underwriting fire and extended coverage perils. In all forms except the Manufacturers Output Policy and the Merchandise Block in California, the standard fire form of contract is used as the basic policy and forms have been devised to be attached thereto to extend the coverage to include other perils as well as all risks perils under certain conditions.

The Manufacturers Output policy is a complete contract following the Inland Marine method of writing broad peril policy contracts or "All Risks" policies. The same is true of the Merchandise Block form written in the State of California. It is for this reason that the other Multiple Line contracts at first glance appear to be somewhat involved and cumbersome, but when one takes time to consider the rather comprehensive coverages that are provided, it is generally conceded that it is not too involved.

In most instances these policies

cover the assureds' stock of goods, wares and merchandise including, by option, furniture, fixtures and equipment — also tenants improvements and betterments. The Industrial Property Floater may also be extended to cover buildings. The form covers at named locations and, under certain conditions, at unnamed locations and, of course, while in due course of transit.

Now, under the insuring clauses, particularly where the forms are extended to include all risks coverages, it is necessary to be very specific as to the type of loss not insured and to accomplish this it is necessary to be very careful in the wording of the exclusions contained in the contract of insurance.

In considering a policy covering "All Risks", it must be clearly understood that this does not mean "all loss". There must be a happening or accident of a fortuitous nature. What is bound to happen is not a risk; for example, deterioration is inevitable, therefore, is not a risk.

It has been said that the Multiple Line contracts have too many exclusions, but this is not true. There are many words in the exclusions, but this is necessary to avoid as much misunderstanding as possible. No form of insurance coverage should be written to provide protection against operating losses and these are excluded from coverage under these forms. Then there are certain risks which underwriters, because of experience, find that in many areas it is impossible to write, and these perils in particular are flood and earthquake. The flood hazard is predominate in areas contiguous to streams that have a tendency during torrential rains or hurricanes to overflow their banks and cause considerable damage. The earthquake hazard is prevalent on the Pacific Coast. Assureds in areas that are not subject to these perils are not concerned and therefore will hesitate to pay a premium for such coverage where the possibility of loss is rather remote. I might mention here before leaving the flood exclusion, that it is sometimes misunderstood. It does not at all times exclude all forms of water damage and while it may have dif-

ferent verbiage in different Multiple Line forms, it is usually understood to mean losses resulting from inundation, waves, tides, or tidal waves, high water, or overflow of streams or bodies of water whether driven by wind or not. Generally the exclusion is not applicable to property in course of transit.

There are some other very important exclusions in these contracts that must be carefully considered. Therefore I want to briefly refer to these.

First — Loss caused by seepage, leakage or influx of water derived from natural sources through basement walls, foundations, basement floors, sidewalks or sidewalk lights, or the backing up of sewers and drains, unless caused by or resulting from a peril not otherwise excluded.

Second — Unexplained loss or mysterious disappearance of property (except property in the custody of carriers or bailees for hire); or loss or shortage of property disclosed on taking inventory.

Third — Interruption of business or other consequential loss extending beyond the direct physical loss of the insured property.

Fourth — Dampness or dryness of atmosphere; extremes or changes of temperature including freezing; shrinkage; evaporation; loss of weight; leakage of contents; breakage of glass or articles of a fragile or brittle nature (other than lenses of photographic or scientific instruments); marring; scratching; rust or corrosion; exposure to light; contamination; change in flavor, color, odor, texture or finish; ULESS SUCH LOSS TO THE PROPERTY INSURED is directly caused by fire; lightning, windstorm, hail, explosion, strike, riot or civil commotion, aircraft, vehicles, other than transporting conveyances, bursting or rupture of pipes or breakage of apparatus, leakage or faulty discharge from fire protective sprinkler systems, vandalism, malicious mischief, burglary, collision, upset or overturning of transporting conveyance.

Fifth — Gas, smog or smoke, from agricultural smudging or from

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Multiple Line—(Degener)

(From page 33)

industrial operation; latent defect, mechanical breakdown or derangement, moths, vermin, inherent vice, faulty materials or workmanship, or wear and tear, or deterioration.

Sixth — Any fraudulent scheme, trick, device or false pretense practiced upon the insured or upon any person(s) to whom the property may be entrusted, other than any carrier or bailee for hire.

Seventh — Delay, loss of market or use, or loss directly and immediately attributable to any legal proceeding.

When you carefully consider each one of these exclusions, you will find that in most situations the assured can control their operations so as to avoid loss. There is no question that a few of the exclusions pertain to some assureds more than to others. For instance, a firm trading in perishables would like to have coverage of freezing, or contamination or of deterioration. There are certain classes of property that are also excluded from coverage under these Multiple Line contracts and in some instances this property is excluded owing to the fact that coverage may be provided to the assureds under specific forms of coverages. Here I have in mind such property as automobiles

— in fact, vehicles of all kinds, monies, notes and securities, jewelry, precious metals, and for all of these special forms of coverages are available and are more suitable to insuring the property than under the newer Multiple Line forms of contracts.

As a result of the broad coverages provided, it is essential that certain small losses be absorbed by the assured in order to keep the premium cost at a minimum; therefore, the Multiple Line contracts provide for some form of deductible. In most instances the deductible is not applicable to losses that are covered under the standard fire form and extended coverage endorsements, or to losses resulting from burglary or robbery.

It is also quite customary to provide that the deductible feature does not apply to property while in the due course of transit in the custody of the common carrier. In this latter instance, it is understood that the assured no longer has control. From this setup you can readily see that the idea behind the deductible is to endeavor to have the assured continue to absorb the petty losses, which in many instances may be attributed to the ordinary operation of their business.

Now, in those instances where tenants betterments and improvements coverage is provided under the contract, it is of course for

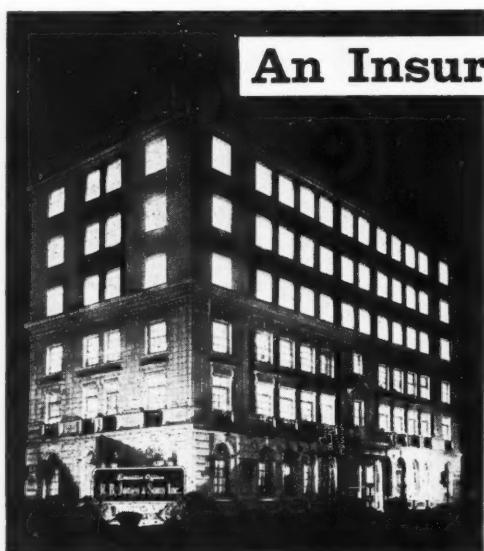
assureds who do not own the premises that they occupy but expend considerable money in improving such premises. The coverages provided under the Multiple Line policy usually follow quite closely the more standard forms that are used in insuring such property.

You have now had what you might call a "birds eye view" of the insuring conditions. There are also some important standard conditions such as Other Insurance, Benefit of Insurance, and Impairment of Carrier's Liability.

The Other Insurance Clause must be carefully worded. It customarily applies on an excess basis, being excess of any other insurance effected directly or indirectly on the property insured whether this insurance be effected by the named assured or others.

The Benefit of Insurance Clause is one that was adopted many years ago owing to the fact that carriers' bills of lading and warehouse receipts, as well as other contracts of bailment, provided that if any insurance was effected it would also be for their account. Insurance policies were written with the understanding that the assured's right of recovery against third parties

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The National Insurance Buyer — July 1958

Multiple Line—(Degener)

(From page 34)

was not to be prejudiced. Therefore, the Benefit of Insurance Clause makes it clear that the insurance will not insure directly or indirectly to the benefit of any carrier or bailee.

The Impairment of Carrier's Liability Clause sets forth the extent to which the assured may go insofar as the acceptance of carriers receipts are concerned. Generally speaking carriers can only be released from the standpoint of value or dollar and cents amount.

The other standard provisions I am sure you are all familiar with, such as Notice of Loss, Cancellation, Breach of Warranty, Subrogation, and Liberalization.

When the rating of any of these Multiple Line forms is reviewed, it also looks cumbersome but again, when it is closely analyzed you will find that the so-called Account Rate, which usually means the combined rate, is computed by using the fire and extended coverage rates plus a loading for all other perils. In the loading, consideration has been given particularly from the burglarly standpoint for insurance to value. Many of you I am sure are aware of the fact that burglary underwriters have made their open stock burglary rate on the basis of a maximum loss possibility rather than from an insurance to value standpoint and now under Multiple Line contracts insurance to value is the basis on which the contract is written and therefore the rates must recognize this situation.

Generally speaking, the commercial property floater policy form was designed to provide all risks protection subject to certain limitations, as heretofore mentioned, for retailers, wholesalers, and distributors of merchandise. The industrial property floater form was designed to insure a concern whose principal activity is manufacturing or processing. None of the Multiple Line forms of policies include indirect loss, such as business interruption or consequential, as they are writ-

ten to cover direct physical loss of the property insured. These forms are now available to the insuring public in almost all of our states and it is essential that each concern give due consideration to the insurance provided by these contracts to determine whether or not the all inclusive Multiple Line coverage would fit their needs better than specific forms of coverages. There are many factors that enter into the rating of a Multiple Line contract and all concerns will not readily lend themselves to improving their insurance program by a Multiple Line contract. Therefore, it requires careful analysis of the risk and the needs from an insurance standpoint to arrive at a decision as to whether or not the broader form will fit all of the requirements on an economical basis.

In making the analysis, however, the concern must consider not only the actual premium cost of the insurance contract but the over-all cost that is involved in their program under specific forms of coverages. Under specific forms, it could be more costly due to the reporting requirements and the possibility of gaps in coverages. The comprehensive Multiple Line policy program cost may on the surface appear more but when compared with handling costs it can often be more economical.

There is a problem facing the insurance manager today because he may feel that he has a very good program insofar as fire coverage is concerned but would like to have additional coverages on stock of merchandise that are not readily available under specific forms of coverage. This can not be accomplished except in the instances where the concern qualifies for one of the Multiple Line forms of policies. There is one thing sure today, however, and that is the insurance manager is in a better position to buy a more rounded-out insurance program than at any time in the past. The broader forms of contracts that are being offered enables the insurance manager to more fully protect his firm's investment. Because of the flexibility of the

forms and the method of rating, the manager, by careful study and improvements in his concern's operation from the standpoint of protective safeguards against losses, is in a position to bring about a more complete economical insurance program which, with cost fact as being considered closely, is very important.

There are, however, many insurance managers who after careful consideration must of necessity decide against the broader forms; but this decision should only be made after a complete and thorough analysis of the contracts offered and it should never under any circumstances be made on an off-hand basis taking into consideration the premium cost only.

Central Illinois Chapter Elects A. A. Baker President

Central Illinois Chapter of the American Society of Insurance Management, Inc., has elected A. A. Baker of Funk Brothers Seed Company president.

Other officers are: Carl J. Hutchins, Caterpillar Tractor Company, vice-president; John W. Needham also of Caterpillar Tractor Company, secretary-treasurer.

Elected to the Board of Directors are: A. A. Baker, C. W. Keck, Illinois Power Company; Carl J. Hutchins; Herman Eckhoff, Keystone Steel & Wire Company; and C. H. Martin, Mueller Company.

R. Gehl Tucker of A. E. Staley Manufacturing Company is the outgoing president.

L. H. Forsythe Heads Oregon Chapter, ASIM

L. H. Forsythe of the U. S. National Bank in Portland, was elected president of Oregon Chapter, ASIM in May 1958.

Serving with Mr. Forsythe are R. H. Horning of Mail-Well Envelope Company as vice-president, and R. E. Marcy of the First National Bank of Portland as secretary-treasurer.

Loss Adjustment— (Lauterbach)

(From page 8)

resulting from a fire or other insured hazard, could eventually result in the shutdown of our finishing plants. Conversely, an extended shutdown of our finishing plants could force a curtailment of steelmaking operations which supply the raw material for the finishing plants.

This situation is easy to visualize when operations are at capacity, since production lost can never be recaptured when operations are resumed. Nevertheless, when operations are below capacity, a risk also exists. We must still depend upon the operation of one basic steel-producing plant to supply our finishing plants at any operating level. Also, one or more finishing plants may be operating at capacity while others are below capacity, because the market demand varies from time to time for each product. In case of an interruption when operations are below capacity, it is possible that we could maintain the level of operations existing before the shutdown by purchasing the raw materials we need from other companies in the industry. However, an insurable loss would be incurred, since the cost of such purchased raw material would be in excess of our own costs.

In addition, we have the normal exposures to fire, explosion, and other insured hazards which are inherent in steelmaking operations. Of prime importance is the necessity to maintain an uninterrupted flow of water, electric and steam power, and fuel, all of which are vital for continuous operations.

Types Of Insurance Purchased

First, our entire operations are insured for a value equal to 80 per cent of our estimated net profits before taxes, plus continuing expenses. Our policies have an "agreed amount" clause and insure against fire, lightning, explosion, and the usual hazards covered in a fire and extended cover insurance contract.

Second, we have purchased business interruption

insurance on the operation of our ore bridges, the breakdown of which could seriously impede the flow of iron ore, our principal raw material. The ore bridges are insured on an "all risk" policy, and the business interruption is insured under what is known as an "Extra Expense" policy. The amount of insurance carried is based on the estimated cost of continuing operations with auxiliary equipment until normal operations can be restored.

Third, we have also purchased contingent business interruption insurance on certain finishing plant operations which are dependent upon a continuous supply of raw material from our basic steel plant. This additional coverage insures the loss of profits caused by a shutdown of a finishing plant, which in turn is caused by a shutdown of our basic steel plant.

We are not presently insured against loss from other causes, such as explosion of boilers or breakdown of machinery. At one time, we purchased this coverage, but recently we have considered the loss possibilities more remote than they were previously since we have undertaken various loss prevention measures. For example, we have purchased spare power equipment for use at vital points in our operations to minimize shutdown time. We have converted heating furnaces so that different fuels can be used, thus removing the complete dependence upon one source of fuel supply. We have also interconnected electric and steam-driven equipment, again removing the dependency upon one type of power supply.

We have one small plant which is uninsured, since it is engaged in the production of one product which can be produced at another plant, again reducing the loss possibilities.

Loss Experience

When we first purchased this type of insurance 17 years ago, we were aware of its value only in a general way. Since that time, experience has proved to us its very definite importance. It has made our management aware of the fact that a loss of profits is equally as important as a loss of physical properties.

(More on page 37)

Corporations are usually sure their accounting is in order but have C.P.A.'s check it.

Corporations are usually sure their insurance is in order but they should have it checked. The same logic applies to both.

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The few losses we have experienced ranged from \$3,000 to one in excess of \$125,000. They have involved as much as a shutdown of a complete plant with 1,000 employees and as little as the closing of a small finishing department for 24 hours. We have seen minor property damage losses result in a large business interruption loss. In fact, in every case involving a combined loss, the business interruption loss was in excess of the property loss.

Comparison With Property Damage Losses

The figures in Table 1, a comparison of property damage and business interruption losses, represent the losses experienced in the iron and steel industry by one group of insurance companies. In 15 of the 21 cases, the business interruption loss exceeded the property damage loss. It is also interesting to note that five of the business interruption losses were in excess of \$400,000, whereas none of the property damage losses exceeded \$87,000.

TABLE 1

Comparison of Property Damage and Business Interruption Losses

Amount of Loss	
Property Damage	Business Interruption
\$ 750	\$ 5,000
181	2,671
578	1,046
	1,376
2,197	23,992
1,797	787
352	77
422	325
2,000	6,000
1,453	904
20,293	838
6,000	25,000
37,115	435,692
25,000	100,000
4,125	50,000
86,800	675,973
62,530	30,700
45,400	400,000
32,511	481,634
50,000	400,000
1,400	12,241
Total	\$380,904
	\$2,654,256

With regard to the settlement of business interruption losses, we have found that the technique is not as proven as that used in the settlement of a property damage loss. Neither is it as readily acceptable to the adjuster. The settlement of our first loss entailed considerable negotiation; but, since certain principles were established at that time, further adjustments of losses have been on a more understandable basis.

Method Of Loss Settlement

Table 2 outlines the method we have used in the settlement of business interruption losses. It is applied to an actual loss and sets forth: (1) the basic principles used to determine our use and occupancy value; and (2) the manner in which the loss is settled by use of production records.

TABLE 2

Method Used to Settle Business Interruption Loss

1. Description of Loss:

Explosion in No. 4 Open Hearth Furnace

2. Determination of U & O Value:

Net sales—January 1 to March 31.	\$30,000,000
Less cost of sales	—24,500,000
	\$ 5,500,000
Add back depreciation	+ 500,000
	\$ 6,000,000

Less profits from products not having origin in Open Hearth Department

.....	— 1,000,000
Total U & O Value	\$ 5,000,000

Tons of finished products shipped

Average U & O value per ton of shipments

\$25

3. Basis of Settlement:

Period of shutdown

200 hours

Average production per hour of No. 4 furnace

16 tons

Total loss of tons produced in furnace

(200 hours x 16 tons per hour)

3,200 tons

Average yield from open hearth to finished product

75%

Finished product shipments lost

(3200 tons x 75%)

2,400 tons

Amount of loss

(2400 tons x \$25)

\$60,000

We have settled smaller losses in as little as two hours, but our largest one took several sessions and a two-week audit by certified public accountants selected by the adjusters. This loss resulted in an almost complete suspension of operations of a finishing plant. It was caused by a fire which totally destroyed a department through which all raw materials had to be processed.

In support of the loss, we prepared pages of statistics covering production records, production schedules, order backlogs, profits of various products, expediting expenses, continuing overhead expenses, and numerous other details. Over 30 per cent of this loss was expediting expense, consisting of the following: (1) transportation charges incurred on materials returned to suppliers' plants; (2) labor expenses incurred in relocating and reprocessing material damaged by the fire; (3) premium time paid to expedite rebuilding of damaged property; and (4) additional costs incurred for the purchase of materials from suppliers, at prices which were in excess of our average production costs.

We learned from this experience that it is good practice to insure both property damage and business interruption insurance with the same companies, thereby avoiding the problem of facing a disagreement between separate insurance carriers on the matter of which charges are properly recoverable under each type of insurance.

(Prepared especially for the National Insurance Buyer).

Impact of Taxes—(McKay)

(From page 10)

be met in order that an insurance premium as such will be deductible. These can be generalized under three captions. (1) The expenditure of the premiums must be incurred in a trade or business carried on by the taxpayer. This is in keeping with the general principles of income taxation. You all probably know that insurance premiums on your home, your automobile, your household goods or other personal effects are not deductible. These are considered to be personal expenditures and not necessary to the production of income upon which tax will be due. However, in the case of an individual, partnership or corporation operating a business, it is quite properly recognized that certain expenditures must be deducted from the gross income of the enterprise before you can arrive at a result which is subject to income taxation. The insurance premiums paid by any business meet this test. (2) Any expenditure including insurance premiums must be ordinary and necessary and also reasonable. It is difficult to imagine that any of us would purchase insurance which was not ordinary or necessary to our business and for which we paid an unreasonable premium. However, as you can appreciate, regulations like these are not placed on the books for ordinary transactions, but for the extraordinary ones. Suppose, for instance, you decided to purchase an insurance policy on a luxury yacht belonging to the president of your company and used by him for personal purposes. You can readily see that if you charge this premium to the expenses of your business, any alert tax examiner would be able to immediately recognize that such insurance is not necessary for the production of income and certainly is out of the ordinary. It is a little more difficult to imagine a test of reasonableness being adversely applied to an insurance premium. About the only application I can imagine would be a case where an excessive premium was paid to a controlled or closely allied

insurance company in an attempt to transfer income from one enterprise to another. (3) All business expenses are subject to the determination of whether or not they are capital expenditures, and, of course, the principal example of this type of expenditure as related to insurance premiums is the cost of premiums paid during the construction of a building or other projects.

It might be well to also touch on your responsibility of keeping proper records so as to support the deductibility of insurance premiums and also to allocate the proper amount of deduction for each taxable year when the insurance premium paid extends over more than one tax year. In most instances, this is merely a case of mathematical computations; however, when you are dealing with policies where the final premium is determined on audit, it is sometimes necessary to make estimates for the proper accrual of expenses in the taxable year.

Retrospective and other premium adjustments which are received after income for a given year has been reported are, of course, based on protection furnished for a prior year. Even though it is at variance with the general tax principle that income and expenses must be reported in the year to which they apply, retrospective premium adjustments are generally taken into account for tax purposes in the year in which they are received or paid.

Section 165 of the 1954 Internal Revenue Code covers the deductibility of losses and provides that losses not covered by insurance may be deducted. This, of course, is more important to you when you have a loss which is not covered by insurance, either by self insurance or otherwise, and we will discuss this matter a little later. Section 1033 of the Internal Revenue Code, however, deals with "Involuntary Conversions". Here is a provision which provides for the exclusion of insurance claims paid from taxable income. This provision in effect says that damage to the property of an insured and a resulting payment of a claim therefore is an exchange of property for

money or for other property if the claim is paid in kind; and because the exchange was not made at the wish of the taxpayer, he should not be taxed on income which he may receive as a result of such a loss. However, in order to avoid payment of tax on a claim received, it is necessary that the proceeds of the claim be expended in repairing the damage. Any proceeds of a claim which are in excess of the amount expended to repair the damage are subject to taxation, although they are taxed under Section 1231 at capital gains rates. Prior to 1950 it was very important that the proceeds of an insurance claim were segregated from the other funds of a business, and there was a great fuss made about seeing that only the actual monies received from an insurance company were used in repairing the damage for which they were received. The Internal Revenue Service now takes a much more practical attitude on these matters and if the amount of money expended to restore the property or replace it with property having a similar purpose, the provisions of Section 1033 are met. This position is, of course, very reasonable and saves a lot of unnecessary maneuvering and book-keeping.

When I started the discussion of deductibility of premiums and non-taxability of claims, I mentioned exceptions. Exceptions to the tax man are very similar to the exclusions in an insurance policy. The old principle of giving it to you in the large print, but taking it away in the small print applies in both cases. There are many exceptions, but the two with which you should be principally concerned are (1) Life insurance premiums paid on policies in which the business is the beneficiary. However, necessary it may be considered to insure the lives of principal officers or others, if the proceeds of the policy in the event of death will be paid to the business, the premiums are not deductible. However, when the proceeds of such a policy are received, they are not taxable. The second exception from my general statement is that the proceeds of a use

(More on page 39)

Impact of Taxes—(McKay)

(From page 38)

and occupancy or business interruption insurance claim are generally taxable. The position taken by the tax authorities in this case is that an insurance claim received in lieu of profits is the same as though the business had been operated. There have been several cases, however, where claims paid on a valued or perdiem form of use and occupancy policy have been considered not taxable. This is an unusual situation and is based on the theory that a perdiem claim is paid for the loss of the use of the damaged premises, and therefore comes under the Involuntary Conversions provisions rather than an item of gross income. However, in order to escape taxation, money received as a result of a perdiem use and occupancy claim must be expended in repairing the damage or it will be taxable as a capital gain under Section 1231. It is difficult to determine the application of this principle and each case must be decided individually. I would suggest that you do not run out and change to the valued form without a careful consultation with your tax counsel.

No discussion of the tax impact on insurance would be complete without a reference to a self insurance program. Our present tax structure is not very favorable toward the operation of a self insurance program. When the 1954 Internal Revenue Code was first adopted it was felt that the taxing authorities had recognized this problem when they provided in Section 462 for the accumulation of reserves for future expenses. Unfortunately, however, congress decided that the loss of Revenue which would result from the "double deduction" feature of this section was too great and removed these advantages from the code. This restored us to the former position under the 1939 Code, under which it is not possible to deduct

the reserves for future losses which should be charged to each current year's operations. The losses, however, are deductible in the year they are incurred or in certain cases in the year when they are paid, and this in effect makes the government the co-insurer to the extent of 52% (the corporation tax rate) provided you have other in-

come against which to offset the loss. This, of course, is not satisfactory, but there does not appear to be anything else to do under the present tax laws.

*(An Address At Luncheon Of
Insurance Buyers Association
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Warehouse—(Vickery)

(From page 32)

war or violation of any port regulation.

Insurance to cover these exclusions, except those relating to loss of market, or loss, damage or deterioration arising from delay and loss arising from an inherent vice of the goods, can usually be added by appropriate endorsement by agreement with the underwriters on any particular shipment. War risk insurance is a complicated subject which we do not have time to discuss.

I think you will be able to see from what we have discussed with respect to the perils clause and the broad extensions that can be made up to the so-called risk cover, that the placing of marine insurance must be very closely tied in and tailored to fit the individual needs of a particular assured.

Average Clauses

There is at least one other very

important clause in a marine cargo policy which I feel requires some particular comment. This is the average clause. While a total loss from any of the named perils is fully covered up to the policy limits, partial loss or particular average losses from these same perils are recoverable only as specified by the average clause in the policy. It is therefore essential once again, that a shipper study carefully to determine which of the four principal average clauses best fits his individual need. The four principal average clauses are:

1. FPAAC—(Free of Particular Average, American Conditions).

This limits recovery on partial losses to those directly resulting from fire, stranding, sinking, or collision of the vessel. This is the most restrictive and limited average clause in general use today.

2. FPAEC—(Free of Particular Average, English Conditions).

This is similar to the Average Clause, American Conditions, except that partial loss resulting

from any peril of the sea is recoverable, provided the vessel has been burned, on fire or in collision while the insured cargo was on board. It is not necessary that the actual damage be a direct result of one of these specified perils, but only that one of these perils has actually occurred.

3. Three Per Cent Average Clause

— This gives protection for a partial loss by perils of the sea if the partial loss amounts to a certain percentage of the insured value, usually 3%. The 3% is called a franchise. It is not what is known as a deductible percentage, but is the minimum amount of a claim that is payable under the policy. For example, if a shipment consists of a package insured for \$2,000, the partial loss would have to amount to \$60 or more for the loss to be paid, but if it did come to that figure the that is, all risks of physical damages and loss however occurring but

(More on page 41)

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(From page 40)

loss would then be paid in full. This average clause also provides that the 3% franchise is not applicable if the vessel is involved in a fire, stranding, sinking, burning or collision, nor is it applied to general average losses.

4. Average Irrespective of Percentage — This is the broadest average clause available and as the name implies, all partial losses due to perils of the sea are fully recoverable regardless of percentage.

Thus, here again it is a question of an individual assured tailoring his cargo policy to fit his individual requirements.

Foreign Shipments

There is frequently a need to carefully consider the type of insurance that you might want on a particular shipment depending on whether it is being transported in foreign commerce, on the rivers or Intracoastal Waterways of the United States, in coastwise trade between Gulf and Atlantic or Pacific coast ports or in offshore drilling operations. Either a stray risk or open cargo policy can probably be obtained in any of these situations and as a general rule, most shippers dealing in foreign commerce will be seeking the broadest type of coverage, for most foreign carriers make full use of the exemptions and limitations of liability accorded to them by the Carriage of Goods by Sea Act.

Inland Waterways Shipments

However, when you are shipping on the rivers and Inland Waterways of the United States, there are several methods of transporting your goods which can be used. There are common carriers with published tariffs, for the most part transporting goods in barge load quantities under which a choice of rates is available. These are known as "A" rates and "C" rates. The "A" rate affords to the shipper substantially the same cargo coverage as is available in the all risk policy,

with the usual exclusions previously discussed.

The Class "C" rates on an inland common carrier by water as a general rule incorporate the provisions of the Harter Act and the Limitation of Liability Act previously discussed. If goods are shipped on "C" rates, it is essential that cargo insurance be obtained by the shipper or that the shipper be prepared to absorb most losses or damages to his cargo. Generally under these rates a carrier claims the benefit of any insurance effected by the shipper.

If a common carrier by water is not available for the transportation of your cargoes on the rivers and Inland Waterways of the United States, then a contract for private carriage may be entered into with a private carrier. When this is done, the cargo insurance which is to be taken out on the particular movement can be obtained on an open cargo policy if a number of shipments are contemplated with a given carrier or tow, or a stray risk policy can be obtained to meet the requirements of that particular shipment. When you are dealing with carriage of goods by water through private carriers and through private contracts, questions of who is to bear the risks of the loss of cargo, who is to pay for the insurance and whether or not there are to waivers of subrogation are all matters that have to be considered in connection with the individual contracts.

Offshore Shipments

Much the same can be said with respect to the transportation of equipment to offshore drilling platforms and drilling barges. Frequently these are carried on open cargo policies and generally by private contract carriers. Here again, the individual contract between the shipper and the carrier must be carefully considered when the cargo insurance is obtained.

Coastwise Shipments

There is one other form of transportation of goods by water which we have previously mentioned only

(More on page 42)

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(From page 41)

briefly, and this is the coastwise transportation from Gulf ports to ports on either the Atlantic or Pacific coasts. This type of carriage is best exemplified by the newly installed sea-land transportation service of the Pan-Atlantic Steamship Corporation which as most of you probably know is a piggy-back operation where truck trailers are loaded directly onto the vessel. In checking the tariffs for this type of shipment, I find that a choice of rates is available here either with or without marine insurance to cover the cargo or at the shipper's option, insurance coverage can be obtained through the use of Pan-Atlantic's own open cargo policy at certain specified rates. Of course, there is nothing to prevent a shipper from carrying its own separate cargo insurance if it desires, but apparently by special arrangement with its insurance carrier, Pan-Atlantic has made arrangements for an infrequent shipper to take advantage of Pan-Atlantic's own open cargo policy.

We do not need to again detail the type of coverage afforded under Pan-Atlantic's open policy or under the rates quoted where the cost of marine insurance is included. It is substantially equivalent to all risks coverage from warehouse to warehouse with the usual proviso that the insurance continues in force for 15 days after the port of destination is reached. I say it is substantially an all risks cover because it is al-

most this broad but not quite.

This is but another example of the flexibility of marine cargo insurance policies.

Thus, as we have seen though the perils of shipping by water are greater since water carriers are afforded rather broad limitations and exemptions from liability, adequate insurance is available to protect the shipper's goods under such circumstances. And at the risk of offending some rail and truck carriers, I feel compelled to add that frequently even with this added insurance cost, water carrier transportation is cheaper and is always competitive.

I regret that my remarks on the coverages available have been so general for I would have preferred to be much more specific, but marine cargo policies are so flexible and the maritime adventures they cover so innumerable, that it has been simply impossible to be more specific.

I think it would be appropriate for me to conclude by passing on to you something I have heard my good friend and former partner, Judge John R. Brown, say many times, and that is simply this—that in dealing with the carriage of goods by water competent insurance brokers and representatives, skilled and competent lawyers, and wise and prudent operation executives are an indispensable ingredient to any sound program of insurance coverage. Such a sound program cannot ever come into being unless there is such a combination at work in the process of carefully setting it up. As I have heard Judge Brown

say, if the job is well done, it may eliminate some lawsuits and while this may make the lawyers unhappy, it will undoubtedly please the judges.

But to the Judge's remarks, I feel compelled to add, if the job is not well done, you may well find yourself involved in lawsuit or in many lawsuits that may last for a good many years. If this happens, you may feel like saying to your attorney, as did one harried businessman after many years of litigation in one particular suit, "Frankly, I'm getting tired of all this litigation," to which your lawyer candidly and forthrightly may reply, "Nonsense, I propose to fight this case down to your last penny."

If you do find yourself involved in litigation, I feel certain that you too can find able counsel who will be willing to fight your battles — yes, even down to your last penny. And if in this hypothetical situation your adversary happens to be a water carrier who my firm represents, we will be glad to help your counsel get down to your last penny, for not only was the damage not caused by our water carrier client, but even if it was, the Limitation of Liability Act, the Fire Statute, the Harter Act and the Carriage of Goods by Sea Act all say we don't have to pay for the damage anyway. And besides all this, you owe our water carrier client a substantial sum of money as a contribution toward general average.

Such are the perils of shipping cargoes by sea without adequate insurance coverage.

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Secy.-Treas.—W. Ray Walker, Citizens & Southern National Bank
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 Dallas, Texas
Treasurer—Harold Palmer, The Frito Company, Dallas, Texas
Secretary—Miss Annetta M. Johnson, The Murray Company of Texas, Inc.
 3200 Canton Street
 Dallas, Texas

DELAWARE VALLEY CHAPTER

Meetings—3rd Monday each month. Dinner 6:30 P.M.
President—Charles R. Garton, Atlantic City Electric Co., Atlantic City, N. J.
Vice-Pres.—Howard C. Giles, E. I. DuPont de Nemours & Co., Inc., Wilmington, Delaware
Treasurer—David D. Day, American Viscose Corporation, Philadelphia, Pa.
Asst. Secy.—Milton Shaw, Kaiser Metal Products, Inc., Bristol, Pa.
Asst. Treas.—Chester Drummond, Campbell Soup Company, Camden, N. J.
Secretary—W. L. Higgins, United Engineers & Constructors, Inc.
 1401 Arch Street
 Philadelphia, Pa.

INSURANCE BUYERS ASSOCIATION OF DETROIT

Meetings—3rd Wednesday each month. Dinner, 6:00 P.M.
President—W. A. Johnston, Chrysler Corporation, Detroit
Vice-Pres.—F. L. Kiernan, Michigan Consolidated Gas Company, Detroit
Treasurer—N. H. Siegel, Detroit Steel Corporation, Detroit
Secretary—E. D. Damon,
 Parke Davis & Company
 Joseph Campau at River
 Detroit 32, Michigan

HOUSTON AREA INSURANCE BUYERS ASSOCIATION

Meetings—2nd Wednesday each month. Luncheon, 11:30 A.M.
President—G. L. Foley, Humble Oil Refining Company, Houston
Vice-Pres.—Wm. A. Holcomb, Jr., Transcontinental Gas Pipeline Corp.,
 Houston
Treasurer—Raymond O. Horn, Quintana Petroleum Corporation, Houston
Secretary—George O. Spencer
 Trunkline Gas Company
 P. O. Box 1642
 Houston 1, Texas

MARYLAND CHAPTER

Meetings—3rd Thursday each month at 6:30 P.M. Sept.-June
President—C. F. Herting, Greenspring Dairy, Inc., Baltimore
Vice-Pres.—Jesse F. Little, Mercantile Safe Deposit & Trust Company,
 Baltimore
Secy.-Treas.—Dorothy Graff
 L. Greif and Brother, Inc.
 401 Homeland Avenue,
 Baltimore 12, Maryland

MINNESOTA CHAPTER

Meetings—4th Tuesday of each month. Dinner 6:30 P.M.
President—Robert S. Johnsen, St. Paul Terminal Warehouse Company,
 St. Paul, Minn.
Vice-Pres.—Clyde Thompson, International Milling Company, Minneapolis,
 Minn.
Secy.-Treas.—M. Scott Rhodes,
 Owatonna Canning Company
 P. O. Box 88
 Owatonna, Minn.

MONTREAL INSURANCE BUYERS ASSOCIATION

Meetings—3rd Thursday October through May. Luncheon, 12 Noon.
President—J. G. Harper, Northern Electric Company, Limited, Montreal
Vice-Pres.—H. H. Cowan, Steinberg's Limited, Montreal
Secy.-Treas.—Glen Buchanan—The Saginaw Water & Power Company,
 600 Dorchester St. West
 Montreal, Canada

NEW YORK CHAPTER

Meetings—4th Thursday of each month, except July and August: Luncheon,
 12:20 P.M.
President—H. Stanley Goodwin, McKesson & Robbins, New York
1st Vice-Pres.—Frank Hornby, Jr., Ebasco Services Inc., New York
2nd Vice-Pres.—William J. Burkett, American Machine & Foundry Company,
 Brooklyn, N. Y.
Treasurer—J. M. Southwick, Ethyl Corporation, New York
Secretary—Robert B. Schellerup, Union Bag-Camp Paper Company
 233 Broadway
 New York, N. Y.

NORTHERN CALIFORNIA CHAPTER

Meetings—3rd Thursday of each month. Dinner, 6:00 P.M.
President—R. W. Humphrey, Southern Pacific Company, San Francisco,
 Calif.
Vice-Pres.—R. A. Westran, Kaiser Aluminum & Chemical Corp., Oakland,
 Calif.
Treasurer—Al T. Sparrowe, Fibreboard Paper Products Corp., San Francisco,
 Calif.
Secretary—J. A. Black, Tidewater Oil Company
 79 New Montgomery Street, San Francisco, California

OREGON CHAPTER

Meetings—1st Wednesday of each month. Dinner, 6:00 P.M.
President—L. H. Forsythe, U. S. National Bank, Portland
Vice-Pres.—R. H. Horning, Mail-Well Envelope Company, Portland
Secy.-Treas.—R. E. Marcy
 First National Bank of Portland
 S. W. Fifth and Stark Streets
 Portland, Oregon

INSURANCE BUYERS ASSOCIATION OF PITTSBURGH

Meetings—Alternate Tuesdays: September through May
President—Ralph W. Low, Westinghouse Electric Corporation, Pittsburgh
Vice-Pres.—John R. Kountz, The Rust Engineering Company, Pittsburgh
Vice-Pres.—Gerald O. Griffin, Dravo Corporation, Pittsburgh
Treasurer—Leo F. Kane, The Equitable Gas Company, Pittsburgh
Asst. Secy.—Robert J. Morton, Blaw-Knox Company, Pittsburgh
Secretary—Thomas G. Noel,
 The Rust Engineering Company
 930 Fort Duquesne Boulevard
 Pittsburgh 22, Pa.

SOUTHERN CALIFORNIA CHAPTER

Meetings—3rd Wednesday of each month. Dinner: 6:30 P.M.
President—William E. Reimer, Carnation Company, Los Angeles, California
Vice-Pres.—Philip V. Myers, Lockheed Aircraft Corporation, Burbank, California
Treasurer—Waldo W. Powers, Signal Oil & Gas Company, Los Angeles,
 California
Secretary—M. J. Bowman, American Potash & Chemical Corp.,
 3030 West Sixth Street
 Los Angeles 54, California

VIRGINIA-CAROLINA CHAPTER

Meetings—Please check with Secretary for place and date.
President—Stewart B. Foulke, Jr., Virginia Electric & Power Company,
 Richmond, Va.
Vice-Pres.—B. H. McGhee, Noland Company, Inc., Newport News, Va.
Treasurer—G. T. Newman, Smith-Douglass Co., Inc., Norfolk, Va.
Secretary—T. A. Newby, Commonwealth of Virginia
 Department of Highways
 Richmond, Virginia

Roster Of Member Companies

AMERICAN SOCIETY OF INSURANCE MANAGEMENT, INC.

ATLANTA

American Art Metals Company
Atlanta Newspapers, Inc.
Atlanta Transit System, Inc.
Citizens & Southern National Bank
The Coca-Cola Company
Delta Air Lines, Inc.
The First National Bank of Atlanta
Georgia Highway Express, Inc.
Georgia Power Company
Georgia State College of
Business Administration
H. W. Lay Company, Inc.
Lockheed Aircraft Corporation
(Georgia Division)
Mead-Atlanta Paper Company
National Manufacture & Stores
Corporation
Rich's Incorporated
Southern Airways, Inc.

CENTRAL ILLINOIS

Black & Company
Caterpillar Tractor Company
Central Illinois Light Company
Commercial National Bank of Peoria
Decatur Herald & Review
Funk Brothers Seed Company
Honeggers' & Company, Inc.
Illinois Power Company
Illinois Wesleyan University
S. D. Jarvis Company
Keystone Steel & Wire Company
LeTourneau-Westinghouse Company
Mississippi Valley Structural Steel Co.
Mueller Company
Princess Peggy, Inc.
Rowe Construction Company
J. L. Simmons Company, Inc.
A. E. Staley Manufacturing Co.
Steak & Shake
Veatch Business Service

CENTRAL MASSACHUSETTS

American Optical Company
Bay State Abrasive Products Co.
Betterley Associates
Brown & Sharpe Manufacturing Co.
Greenfield Tap & Die Corporation
Geometric Tool Company Division
Greenfield Tap & Die Corporation
Draper Corporation
Fitchburg Paper Company
The Heald Machine Company
Massachusetts Life Assurance Co.
Morgan Construction Co.
Norton Company
Package Machinery Company
Riley Stoker Corp.
Simonds Saw & Steel Co.
State Mutual Life Assurance Co. of
America

The Vellumoid Company

Worcester Telegram Publishing Co.
Wyman-Gordon Company

CHICAGO

Aldens Inc.
Allis-Chalmers Manufacturing Co.
American Bakeries Company
American Marietta Company
Automatic Electric Company
Baxter Laboratories, Inc.
Bowman Dairy Company
Brunswick-Balke-Collender Co.
Bureau of Safety
Butler Brothers
A. M. Castle & Company
Calumet & Hecla, Inc.
The Celotex Corporation
Central Fibre Products Company
Chemetron Corporation
City Products Corporation
Collins Radio Company
Continental Ill. Nat'l Bank & Trust Co.
of Chicago
Container Corporation of America
Consolidated Foods Corporation
Crane Company
Cuneo Press, Inc.
Curtiss Candy Co.
Helene Curtis Industries, Inc.
Encyclopedia Britannica, Inc.
R. R. Donnelley & Sons Co.
The Reuben H. Donnelley Corp.
Fairbanks, Morse & Company
Fansteel Metallurgical Corporation
Lloyd A. Fry Roofing Company
General American Transportation
Company
General Finance Corporation
Goldblatt Bros., Inc.
Graver Tank & Manufacturing Co., Inc.
Edward Hines Lumber Company
Inland Steel Company
International Minerals & Chemical Corp.
Jewel Tea Co., Inc.
Joslyn Manufacturing & Supply
Corporation
Kawneer Company
Link-Belt Company
Liquid Carbonic Corp.
Magnaflux Corporation
Marshall Field & Company
Material Service Corporation
The Meyercord Co.
Montgomery Ward & Company
Moorman Manufacturing Co.
Motorola, Inc.
National Standard Company
National Tea Company
Natural Gas Pipeline of America
Northwestern University
Pabst Brewing Company

Passavant Hospital

The Peoples Gas Light & Coke Co.

The Pullman Company
Pullman Standard Car
Manufacturing Co.

Pure Oil Company

Quaker Oats Company

John Sexton & Company
Simoniz Company

A. O. Smith Corporation

S. C. Johnson & Son, Inc.

Spiegel, Inc.

Standard Oil Co. (Indiana)

Charles A. Stevens & Company

Stewart-Warner Corporation

The Tribune Company

United Air Lines, Inc.

United States Cold Storage Corporation

United States Gypsum Company

Victor Chemical Works

Walgreen Drug Stores

Warwick Manufacturing Company

The Willett Company

Wisconsin Electric Power Co.

Wisconsin Public Service Corporation

CINCINNATI

Acme-Newport Steel Company

American Laundry Machinery Co.

Armco Steel Corporation

Bardes Corporation

Bavarian Brewing Co., Inc.

Burger Brewing Company

R. K. LeBlond Machine Tool Company

The Philip Carey Mfg. Co.

The Cincinnati Enquirer

Cincinnati Gas & Electric Co.

Cincinnati & Suburban Bell Telephone
Co.

The Drackett Company

The Duriron Company, Inc.

The Eagle-Picher Company

Emery Industries, Inc.

Federated Department Stores, Inc.

The Fifth Third Union Trust Company

The Gardner Board & Carton Co.

The Globe Wernicke Company

Robert Gould Company

The Hamilton Foundry & Machine Co.

The Andrew Jergens Company

The E. Kahn's Sons Company

The Kroger Company

The Lunkenheimer Company

The Metal Specialty Company

The H. H. Meyer Packing Company

The Mosler Safe Company

The Nivison Weiskopf Company

The Ohio River Company

The Procter & Gamble Company

The Provident Savings Bank & Trust Co.

Queen City Chevrolet Company

The Richardson-Taylor Globe Corp.

Shepard Warner Elevator Company
The Sorg Paper Co.
Toms River-Cincinnati Chemical Corp.
Trailmobile Inc.
United States Shoe Corporation
The U. S. Printing & Lithograph Co.
The George Wiedemann Brewing Co.
The Western and Southern Life Insurance Co.

DALLAS-FT. WORTH

American Petrofina, Inc.
Bell Helicopter Corporation
The British-American Oil Producing Company
Campbell Taggart Associated Bakeries, Inc.
Chance Vought Aircraft, Inc.
Coca-Cola Bottling Company
Collins Radio Co. (Texas Division)
Dallas Power & Light Co.
Dearborn Stove Company
Dresser Industries, Inc.
The Frito Company
General American Oil Co. of Texas
Gifford-Hill & Co., Inc.
Intercontinental Mfg. Company, Inc.
Lone Star Gas Company
Lone Star Steel Company
Magnolia Petroleum Company
The Murray Company of Texas, Inc.
The Schoellkopf Company
Olmsted-Kirk Company
Otis Engineering Corp.
Dr. Pepper Company
Southern Union Gas Company
Sun Oil Company
Temico Aircraft Corporation
Texas Automatic Sprinkler Corp.
The Times Herald Printing Company

DELAWARE VALLEY

American Viscose Corp.
Armstrong Cork Company
Atlantic City Electric Company
Atlas Powder Company
The Atlantic Refining Company
Bestwall Gypsum Company
The Budd Company
Best Markets, Inc.
Campbell Soup Company
Catalytic Construction Company
Certain-teed Products Corporation
E. I. duPont de Nemours & Co., Inc.
Fidelity Mutual Life Insurance Co.
Food Fair Stores, Inc.
Keasbey & Mattison Company
Kaiser Metal Products, Inc.
Martin Century Farms, Inc.
Mutual Rendering Company, Inc.
Penn Fruit Company
Penn Mutual Life Insurance Co.
Pennsalt Chemicals Corporation
Philadelphia Electric Company
The Philadelphia Saving Fund Society
Pioneer Chemical Works
Publicker Industries
Radio Corporation of America

R. M. Hollingshead Corporation
Scott Paper Company
S.K.F. Industries, Inc.
Smith, Kline & French Laboratories
Sun Clothes, Inc.
United Engineers & Constructors, Inc.
The United Gas Improvement Company

DETROIT

Allen Industries, Inc.
American Blower Corporation
American Motors Corporation
Bull Dog Electric Products Company
Burroughs Corporation
Chrysler Corporation
Darin & Armstrong, Inc.
Davidson Brothers
Detroit Free Press
Detroit Gasket & Manufacturing Company
Detroit Harvester Company
The Detroit Edison Company
Detroit Steel Corporation
Ex-Cell-O Corporation
Fenestra, Inc.
Ford Motor Company
Freightliner Corporation
Gar Wood Industries, Inc.
General Motors Corporation
Goddard & Goddard Company
Great Lakes Steel Corporation
(Division of National Steel Corporation)
The J. L. Hudson Company
Hygrade Food Products Corporation
The Jam Handy Organization, Inc.
Kelsey-Hayes Wheel Company
S. S. Kresge Company
Lyon Incorporated
McCord Corporation
McLouth Steel Corporation
Michigan Bell Telephone Co.
Michigan Consolidated Gas Company
Michigan Wisconsin Pipe Line Co.
Micromatic Hone Corporation
The Murray Corporation of America
National Bank of Detroit
Parke Davis & Company
Pfeiffer Brewing Company
Square D Company
The Udylite Corporation
The Upjohn Company
The Valeron Corporation
Verners Ginger Ale, Inc.
Hiram Walker & Sons, Inc.
Woodall Industries, Inc.
Wyandotte Chemicals Corporation

HOUSTON

Ada Oil Company
American Warehouses, Inc.
Anderson Clayton & Company
Bank of the Southwest
Baroid Sales Division of National Lead Co.
Brown and Root, Inc.
Cameron Iron Works, Inc.
Commonwealth Oil Company
Continental Oil Company

Converted Rice, Inc.
The Dow Chemical Co.
Eastern States Petroleum Co. Inc.
Halliburton Oil Well Cementing Co.
Homco

Jefferson Lake Sulphur Company
Magnat Cove Barium Corporation
Perforating Guns Atlas Corp.
Petro-Tex Chemical Corporation
Quintana Petroleum Corporation
Reed Roller Bit Company
River Oaks Corporation
Schlumberger Well Surveying Corp.
Sheffield Steel Division of Armco Steel Corporation
Stewart & Stevenson Services, Inc.
Tennessee Gas Transmission Co.
Texas Manufacturing Association
Transcontinental Gas Pipe Line Corp.
Trunkline Gas Company
Tuboscope Company
Union Oil & Gas Corporation of Louisiana
Union Carbide Chemical Company
J. Weingarten, Inc.
Win Hawkins Drilling Company

MARYLAND

Army & Air Force Exchange Service
The Arundel Corporation
Baltimore Contractors, Inc.
Cafritz Construction Co.
Catalyst Research Corporation
City Baking Company
W. T. Cowan, Inc.
Crown Central Petroleum Corp.
Crown Cork & Seal Company
The Davison Chemical Corporation
The E. H. Koester Baking Co.
Greenspring Dairy, Inc.
L. Greif & Brother, Inc.
Gunther Brewing Co., Inc.
The Hecht Company
Hutzler Brothers Co.
Insurance Buyers' Council
Harry T. Campbell Sons Corp.
Emerson Drug Company
Maryland Shipbuilding & Drydock Co.
McCormick & Co., Inc.
Mercantile Safe Deposit & Trust Co.
Merchants Terminal Corp.
The National Brewing Co.
Office of Naval Material
Department of the Navy
Olin Mathieson Chemical Corp.
Schmidt Baking Co., Inc.

MINNESOTA

Andersen Corporation
Cargill, Incorporated
College of St. Thomas
Coca-Cola Bottling Co. of Minnesota
The Creamette Co.
Curtis 1000, Inc.
Coast to Coast Stores—
Central Organization, Inc.
Flour City Brush Company
Federal Cartridge Corporation
First National Bank of Minneapolis

Fitger Brewing Company
 Fullerton Lumber Company
 Gamble-Skogmo, Inc.
 M. A. Gedney Company
 General Mills, Inc.
 Green Giant Company
 Theo. Hamm Brewing Company
 Geo. A. Hormel & Co.
 Industrial Aggregate Co.
 International Milling Company
 Josten Manufacturing Company
 Landers-Norblom-Christenson Co
 Land O'Lakes Creameries, Inc.
 Maple Island, Inc.
 Mayo Clinic
 McCabe Company
 Maney Bros. Mill & Elevator Co.
 Minneapolis Brewing Company
 Minneapolis-Honeywell Regulator Co.
 Minneapolis-Moline Company
 Minneapolis Star & Tribune Company
 Minnesota Mining & Manufacturing Co.
 Minnesota & Ontario Paper Co.
 Munsingwear, Inc.
 Nash-Finch Company
 The B. F. Nelson Mfg. Co.
 Northern Ordnance Inc.
 Northrup-King & Company
 Northwest Airlines, Inc.
 W. S. Nott Company
 Owatonna Canning Company
 Owatonna Tool Co.
 M. F. Patterson Dental Supply Co. of
 Minnesota
 F. H. Peavey & Company
 Pillsbury Mills, Inc.
 Queen Stove Works, Inc.
 Rayette, Inc.
 Red Owl Stores, Inc.
 Rochester Dairy Cooperative
 St. Paul Terminal Warehouse Co.
 J. L. Shiely Company
 Super Valu Stores, Inc.
 Toro Manufacturing Company
 Waldorf Paper Products Company
 Western Oil and Fuel Company
 Winston Bros. Company
 Wood Conversion Company

MONTREAL

Aluminum Company of Canada, Ltd.
 Associated Textiles of Canada Limited
 Atlas Asbestos Company Limited
 The Bell Telephone Co. of Canada
 The Bristol Aeroplane Co. of Canada
 (1956) Limited
 Canadair Limited
 Canadian Celanese Ltd.
 Canadian Industries Limited
 Canadian International Paper Company
 Canadian Marconi Company
 Canadian Pratt & Whitney Aircraft
 Company, Ltd.
 Canadian Salt Co., Ltd.
 Consolidated Paper Corporation Limited
 Distillers Corporation—
 Seagrams Limited
 Dominion Bridge Company Limited
 Dominion Engineering Works Limited

Dominion Glass Company Limited
 Dominion Textile Company Limited
 Du Pont Co. of Canada (1956) Ltd.
 The Foundation Co. of Canada Limited
 Imperial Tobacco Co. of Canada Limited
 Northern Electric Company, Limited
 Molsons Brewery Limited
 Price Brothers & Company, Ltd.
 Rolls-Royce of Canada, Limited
 Shawinigan Chemicals Limited
 The Shawinigan Water and Power
 Company
 Steinberg's Limited
 Thor Mills Limited

NEW YORK

ACF Industries, Inc.
 Allied Stores Corporation
 Amerace Corporation
 American Airlines
 American Brake Shoe Company
 American Broadcasting-Paramount
 Theatres, Inc.
 American Bank Note Co.
 American Can Company
 American Chicle Company
 American Cyanamid Company
 American District Telegraph Co., Inc.
 American Electric Power Service Corp.
 American Home Products Corp.
 American Machine & Foundry Co.
 American Management Association
 American Metal Climax, Inc.
 American News Co., Inc.
 The American Oil Company
 Anaconda Company
 Anaconda Wire & Cable Company
 Arabian American Oil Company
 Associated Dry Goods Corp.
 Avon Products, Inc.
 The Babcock & Wilcox Company
 Belk Stores, Inc.
 Bell Telephone Laboratories
 Berkshire-Hathaway, Inc.
 The Best Foods, Inc.
 Bigelow-Sanford Carpet Co., Inc.
 Blades & Macaulay
 Sidney Blumenthal & Co., Inc.
 The Borden Company
 Bristol Myers Company
 Burlington Industries, Inc.
 The California Oil Company
 Canada Dry Corporation
 John J. Casale, Inc.
 Celanese Corporation of America
 The Chase Manhattan Bank
 The Chemstrand Corporation
 Cities Service Petroleum, Inc.
 City Stores Mercantile Company, Inc.
 Chilean Nitrate Sales Corporation
 Coastal Oil Company
 Coats & Clark's Sales Corporation
 The Coco-Cola Export Corporation
 Colgate-Palmolive Company
 Columbian Carbon Company
 Combustion Engineering, Inc.
 Commercial Solvents Corporation
 Commonwealth Services, Inc.
 Congoleum-Nairn, Inc.

Consolidated Cigar Corp.
 Continental Can Company, Inc.
 Continental Grain Company
 Corporate Advisors, Inc.
 Curtiss-Wright Corporation
 Daystrom, Inc.
 Diesel Vessel Operators, Inc.
 Doubleday & Company, Inc.
 Dugan Brothers, Inc.
 The Dime Savings Bank of Brooklyn
 Dow, Jones & Co., Inc.
 Ebasco Services Incorporated
 Esso Research and Engineering Company
 Thomas A. Edison, Inc.
 El Paso Natural Gas Company
 Electrolux Corporation
 Esso Standard Oil Company
 Ethyl Corporation
 Federal Paper Board Co., Inc.
 The First National City Bank of
 New York
 The Firth Carpet Company
 The Flintkote Company, Inc.
 The F. & M. Schaefer Brewing Company
 Foster-Wheeler Corp.
 Robert Gair Co., Inc.—Division
 of Continental Can Company, Inc.
 Geigy Chemical Corporation
 General Aniline & Film Corporation
 General Baking Company
 General Dynamics Corporation
 General Electric Company
 General Foods Corp.
 Gibbs & Hill, Inc.
 W. R. Grace & Company
 Great Lakes Carbon Corporation
 Guaranty Trust Company
 S. Gumpert Co., Inc.
 M. & M.'s Candies, A Division of
 Food Manufacturers, Inc.
 Hess, Inc.
 Hewitt-Robins, Inc.
 Hudson Pulp & Paper Corp.
 Imperial Paper & Color Corp.
 International Business Machines Corp.
 Interchemical Corp.
 Johns-Manville Corp.
 Johnson & Johnson
 A. & M. Karagheusian, Inc.
 Kearfott Company, Inc.
 Kennebott Copper Corporation
 Knickerbocker Construction Co.
 H. Kohnstamm & Co., Inc.
 Lerner Stores Corp.
 Lever Brothers Co.
 Liggett & Myers Tobacco Co.
 Lily-Tulip Cup Corp.
 Luckenbach Steamship Company, Inc.
 Thomas J. Lipton, Inc.
 R. H. Macy & Co., Inc.
 McKesson & Robbins, Incorporated
 Manufacturers Trust Co.
 Merritt-Chapman & Scott Corp.
 Metal & Thermit Corp.
 Philip Morris Incorporated
 Muzak Corporation
 National Biscuit Company
 National Distillers and Chemical Corp.
 National Starch Products, Inc.

The Nestle Company
J. J. Newberry Company
New York Herald-Tribune
Olin Mathieson Chemical Corporation
Otis Elevator Company
Pan American World Airways, Inc.
Panaminas Incorporated
S. B. Penick & Co.
Chas. Pfizer & Co., Inc.
Pitney-Bowes, Inc.
The Port of New York Authority
Refined Syrups & Sugars, Inc.
Reliance Manufacturing Company
Republic Aviation Corporation
Research Cottrell, Inc.
Rheem Manufacturing Company
Seagram-Distillers Corp.
Shein's Express
Shell Oil Company
Sperry Rand Corporation
Sperry Gyroscope Co.
Standard Oil Company (New Jersey)
J. P. Stevens & Co., Inc.
Sun Chemical Corporation
Sunshine Biscuits, Inc.
Sylvania Electric Products, Inc.
The Texas Company
Tide Water Associated Oil Co.
Union Bag-Camp Paper Corporation
Union Carbide Corporation
United Aircraft Corp.
United Hospital Fund of New York
United Merchants & Manufacturers, Inc.
United Parcel Service
U. S. Industries, Inc.
United States Plywood Corporation
United Whelan Corporation
Universal Pictures Co., Inc.
Vick Chemical Company
West Disinfecting Company
Western Electric Company
Westrex Corporation
West Virginia Pulp & Paper Company
Witeco Chemical Company
Worthington Corporation
Yale Transport Corporation

NORTHERN CALIFORNIA

American Trust Company
Guy F. Atkinson Company
Bank of America NT & SA
Bank of California, N.A.
Bechtel Corporation
California & Hawaiian Sugar Refining Corp. Ltd.
California Packing Corporation
California State Dental Association
Coast Service Company
Consolidated Freightways, Inc.
The Crocker-Anglo National Bank
Crown Zellerbach Corp.
Cutter Laboratories
Department of Finance — State of California
The Robert Dollar Company
The Emporium Capwell Company
Fibreboard Products, Inc.
The First Western Bank & Trust Company

Foremost Dairies, Inc.
Honolulu Oil Corporation
Kaiser Companies
Kaiser Engineers
Kern County Land Co.
Lando Products, Inc.
Lenkurt Electric Company, Inc.
Leslie Salt Company
Long Stores
Matson Navigation Company
Mund, McLaurin & Company
Pacific Gas & Electric Company
Pacific Guano Co.
The Pacific Telephone & Telegraph Company
Pacific Intermountain Express Company
Port of Oakland
Roos Bros., Inc.
Rudiger-Lang Company
Safeway Stores, Inc.
Southern Pacific Company
Spreckels Sugar Company
Standard Oil Company of California
Swinerton & Walberg Company
Tidewater Associated Oil Company
Transocean Air Lines
The Union Ice Company
Union Lumber Company
United Air Lines, Inc.
University of California
Utah Construction Company
Wells Fargo Bank
The Western Pacific Railroad Company
Wilbur-Ellis Company

OREGON

The Bank of California, N.A.
Blitz Weinhard Company
Columbia River Packers Association, Inc.
The First National Bank of Portland
Georgia-Pacific Corporation
HYster Company
Industrial Air Products Co.
Jantzen, Inc.
Mail-Well Envelope Co.
Fred Meyer, Inc.
Oregon Pulp & Paper Company
Portland Gas & Coke Company
Robert Brothers
Terminal Ice & Cold Storage Company
The United States National Bank
West Coast Lumbermen's Association
White Stag Manufacturing Co.
Willamette Iron & Steel Company
Zidell Machinery & Supply Co.

PITTSBURGH

Allegheny Ludlum Steel Corporation
Aluminum Company of America
Blaw-Knox Company
John F. Casey Company
Consolidation Coal Company, Inc.
Crucible Steel Company of America
Dravo Corporation
Duquesne Light Company
Eastern Gas & Fuel Associates
Edgewater Steel Company

Eichleay Corporation
Elliott Company
Equipment and Supplies, Inc.
Equitable Gas Company
Fidelity Trust Company
Fort Pitt Bridge Works
Frick & Lindsay Company
Gulf Oil Corporation
Harbison-Walker Refractories Company
E. J. Heinz Company
Koppers Company, Inc.
Mellon National Bank & Trust Company
Mine Safety Appliances Company
G. C. Murphy Company
Natco Corporation
The National Steel Corporation
The National Supply Company
The National-U.S. Radiator Corporation
Neville Chemical Company
Pennsylvania-Transformer Division of McGraw-Edison Company
Pittsburgh Coke & Chemical Company
Pittsburgh Forgings Company
Pittsburgh Plate Glass Company
Pittsburgh Screw & Bolt Corporation
Pittsburgh Steel Company
Pittsburgh & West Virginia Railway Company
H. H. Robertson Company
Rockwell Manufacturing Company
Rockwell-Standard Corporation
The Rust Engineering Company
Schaefer Equipment Company
Shenango Furnace Company
United Engineering & Foundry Company
Watson-Standard Company
Weirton Steel Company
West Penn Power Company
Westinghouse Air Brake Company
Westinghouse Electric Corporation
Youngstown Sheet and Tube Company

SOUTHERN CALIFORNIA

Aerotet-General Corporation
American Potash & Chemical Corp.
Baker Oil Tools, Inc.
Belridge Oil Company
Blue Diamond Corporation
C. F. Braum & Company
California Bank
Carnation Company
Citizens National Trust & Savings Bank of Los Angeles
Consolidated Rock Products Co.
Consolidated Western Steel Division of U. S. Steel Corporation
The Copley Press, Inc.
Douglas Aircraft Company, Inc.
Ehrhart & Associates, Inc.
The Flinthkote Company (Pioneer Division)
The Fluor Corporation, Ltd.
Forest Lawn Company
The Garrett Corporation
Garett & Company, Inc.
Convair — A Division of General Dynamics Corporation
Gladding, McBean & Company
Graham Brothers, Inc.
Griffith Company

The Alfred Hart Distilleries, Inc.
Hunt Foods & Industries, Inc.
Hughes Aircraft Company
Kaiser Steel Corporation
Loew's Incorporated
Latchford Glass Company
Lockheed Aircraft Corp.
North American Aviation, Inc.
Northrop Aircraft, Inc.
The McCulloch Motors Corp.
Marquardt Incorporated
The May Department Stores Co
Metropolitan Water District of Southern California
Pacific Airmotive Corporation
United States Borax & Chemical Corp.
The Ramo-Woolridge Corporation
Richfield Oil Corporation
San Gabriel Valley Water Co.
Santa Fe Drilling Company
Security-First National Bank of Los Angeles
Signal Oil & Gas Company
Southern California Edison Company
Southern California Gas Co.
Sun Lumber Company
Superior Oil Company
Title Insurance and Trust Company
Union Bank
Union Oil Company of California
Von's Grocery Company

VIRGINIA-CAROLINA

American Enka Corporation
Belk Stores, Inc.
Farmers Cooperative Exchanges, Inc.
Larus & Brother Company, Inc.
David M. Lea & Co., Inc.
Miller & Rhoads, Inc.
National Fruit Product Company, Inc.
Noland Company, Inc.
Overnite Transportation Company
RF & P Railroad Company
Reynolds Metals Company
Smith-Douglass Company
Southern States Cooperative
Union Bag-Camp Paper Company
Virginia-Carolina Chemical Corp.
Virginia Electric & Power Company

NON-CHAPTER MEMBERS

Alabama

The Ingalls Iron Works Company, Inc.
Morrison Cafeterias Consolidated Inc.
Stockham Valves & Fittings, Inc.

Arizona

Hughes Aircraft Company

Arkansas

The Crossett Company

Colorado

Colorado Fuel & Iron Corp.

Connecticut

Connecticut Light & Power Co.
The Kaman Aircraft Corporation

The United States Time Corporation
Whitney Chain Company

Florida

Ryder System, Inc.

Georgia

West Point Manufacturing Company

Illinois

Barber-Greene Company
Granite City Steel Company
Sundstrand Machine Tool Company

Indiana

Insurance Audit & Inspection Co.

Iowa

The Rath Packing Company

Kansas

Boeing Airplane Company
(Wichita Division)
The Carey Salt Company

Kentucky

The Mengel Company

Louisiana

The California Company
United Gas Corporation

Maine

Central Maine Power Company
John H. Magee

Massachusetts

Boston Housing Authority
C. H. Sprague & Son Company
Eastern States Farmers' Exchange, Inc.
Godfrey L. Cabot, Inc.
Howard D. Johnson Company
Pocahontas Fuel Company

Michigan

Gerber's Baby Foods

Missouri

Anheuser-Busch, Inc.
Gaylord Container Corporation
Division of Crown Zellerbach Corp.
Panhandle Eastern Pipe Line Co.
Laclede Steel Company
Monsanto Chemical Company
Standard Milling Company
The Seven-Up Company
Union Electric Company of Missouri

New York

Carrier Corporation
Columbus McKinnon Chain Corp.
Cooperative Grange League Federation
Exchange, Inc.
Corning Glass Works
George Hall Corporation
Harold J. O'Neil
Mohasco Industries, Inc.
New York State Electric & Gas Corp.

Rochester Gas & Electric Corp.
Twin Coach Company
Will & Baumer Candle Company

New Jersey

Merck & Company Inc.

Ohio

Carling Brewing Company
E. I. Evans & Company
E. W. Bliss Company
Firestone Tire & Rubber Company
The Goodyear Tire & Rubber Company
Hupp Corporation
Ormet Corporation
The American Crayon Company
The General Tire & Rubber Company
The Hoover Company
The Ohio Oil Company
The Parker Appliance Company

Oklahoma

Oklahoma Gas & Electric Company
Sunray Mid-Continent Oil Company

Pennsylvania

Aircraft-Marine Products, Inc.
Mathiasen's Tanker Industries, Inc.
Titan Metal Manufacturing Co.

Rhode Island

Gorham Manufacturing Company
Grinnell Corporation

Tennessee

Hardwick Stove Company
Rich's Incorporated

Virginia

Pocahontas Fuel Company

Vermont

Central Vermont Public Service Corp.
The National Life Insurance Company

Washington

Boeing Airplane Company
Pacific American Fisheries, Inc.
Weyerhaeuser Timber Company

West Virginia

Pennsylvania Glass Sand Corp.
Weirton Steel Company

Wisconsin

A. Geo. Schulz Company
Chain Belt Company
Fred Rueping Leather Company
Harnischfeger Corporation
The Kurth Malting Co.
Nordberg Manufacturing Co.

CANADA

British Columbia Electric Co. Ltd.
Legrade Inc.
Western Canada Breweries Limited

FRANCE

Esso Standard S.A.F.

The case of the buffalo's revenge!



In the Philippines, an American foreman took the company car on an errand. It was pleasant riding, until a lumbering buffalo, on an errand of his own, decided to cross the road. The result: a crushed radiator for the car — and hurt pride for the buffalo.

But two weeks later, the foreman discovered that buffaloes can hold a grudge! While driving homeward on the same route, that very beast came charging for his revenge, battering the car, and sending it tumbling off the road!

This double-trouble could have added thousands of dollars in property damage and workmen's compensation costs to the company's debit column. But it didn't — thanks to prompt payment by American International Underwriters.

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